



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:

- a) Political risk
- b) Basic operational intent of an organization
- c) Sources of funding
- d) 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?

- a) Economies of scale and strong experience curve effects
- b) Capital requirements, regulatory policies, and tariffs
- c) Strong buyer preferences for and loyalty to existing brands
- d) Rapid market growth

4. Which segmentation variable is NOT for consumer markets?

- a) Geographic variables
- b) Psychographic variables
- c) Demographic variables
- d) Operating variables

5. The activities in the strategic management process are

_____.

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

- a) Business level strategy
- b) Corporate level strategy
- c) Mergers and acquisition
- d) Functional level strategy

7. A strategic group can be defined as:

- a) A group of key resources and competences that are necessary to achieve competitive advantage
- b) A group of customers that have similar characteristics
- c) An industry recipe
- d) A group of firms in an industry following the same or similar strategy

8. Strategic group analysis involves mapping organization using:

- a) Two variables appropriate to the industry
- b) Three variables appropriate to the industry
- c) Two variables which stay the same regardless of the industry
- d) Three variables which stay the same regardless of the industry

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

- a) True
- b) False

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

_____ and _____

11. The “operation” in Aerogal would be:

- a) The manufacture of the aircraft
- b) Getting passengers and baggage from A to B by means of flying in an aircraft
- c) The design of the price structure and yield plan
- d) Selling tickets to passengers.

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

- a) True
- b) False

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

- a) External capabilities
- b) Internal capabilities
- c) All of them
- d) 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 ____ .

- a) Unique, easy to imitate.
- b) Easy to imitate, difficult to implement
- c) Rare, costly to imitate.
- d) Easy to implement, unique.

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

- a) The focused differentiators have a broader competitive scope,
- b) The value-creating activities of focused differentiators are more constrained.
- c) Focused differentiators target a narrower customer market.
- d) There are fewer risks with the focused differentiation strategy.

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

- a) Acceptable.
- b) Unique.
- c) Substandard.
- d) Mediocre.

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

- a) Marketing & sales
- b) Operations
- c) Human resource management
- d) After sales service

19. Primary activities are

- a) The activities most likely to be imitated by competitors.
- b) Involved in a product's physical creation, its distribution, and its service after the sale.
- c) The core competencies of the organization.
- d) 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:

- a) The supplier's product is undifferentiated
- b) The supplier's product is easy to understand
- c) There are many suppliers to choose from
- d) There is a threat of forward integration

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

- e) Buyers of the industry's products like to experiment with buying different brands of the industry's product.
- f) 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.
- g) Incumbent firms have little ability to leverage distributors, dealers, and/or retailers to retain their business.
- h) 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:

- a) The industry is in its infancy
- b) The industry is fragmented
- c) There is a high degree of differentiation
- d) There are a few strong players in the industry

24. Buyer power is high if:

- a) The buyer requires a high quality product for their own production
- b) Switching costs are low
- c) They have little information
- d) Differentiation is low

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

- a) Switching costs
- b) Substitutes
- c) Buyer power
- d) Barriers to entry

26. Strategy is

- e) Resource and capability of a firm
- f) Set of actions taken to exploit core competencies and achieve competitive advantage
- g) Making the best products and services
- h) Actions taken to provide value to customers and achieve competitive advantage

27. Competitive Dynamics is:

- a) The set of competitive actions and responses occurring between competitors
- b) The set of competitive actions and competitive responses the firm takes to build its competitive advantages
- c) The total set of actions and responses taken by all firms competing within a market.
- d) 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.

- a) Slow-cycle
- b) Fast-cycle
- c) Standard-cycle
- d) Awareness

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

- a) Resource similarity
- b) Strategic competition
- c) Market commonality
- d) Intensity of rivalry

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

- a) Overall firm risk reduction.
- b) Uncertain future cash flows.
- c) Reinterpretation of antitrust laws.
- d) 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?