



ESCUELA SUPERIOR POLITÉCNICA DEL LITORAL  
"Ciencia, Tecnología y Educación al servicio del País"  
Facultad de Economía y Negocios

II TERM EXAM - 2010 - 2011  
BUSINESS STRATEGIES

NAMES:

SECTION A Compulsory

1. Why did Google miss the "Video" opportunity?
2. Why did Google acquired YouTube?
3. What are Google video strategy?
4. What are YouTube competitive advantage?

SECTION B - Attempt twenty two (22) questions only

(1 mark each question)

A cement producer would be advised to follow which of the following international strategies?

- a) A Global strategy
- b) A Transnational strategy
- c) A local strategy
- d) None of these

Porter has designed a framework to help understand why certain countries achieve global competitive advantage in certain industries. It also helps internationalizing firms to make location decisions. The framework is called:

- a) Porter's value chain
- b) Porter's Five Forces
- c) Porter's Generic Strategies
- d) Porter's Diamond

In terms of Porter's Diamond model, a demand condition as applied to the chocolate industry in Belgium would be:

- a) Belgium has a network of firms that support each other in becoming stronger as a whole in the chocolate industry
- b) Belgian consumers are particularly discerning about chocolate
- c) Belgium has a number of very strong competing firms in the chocolate industry
- d) Belgium possesses a number of secret recipes in chocolate making

If pressures to adapt to local tastes are high and pressures to lower costs are low, a firm should follow which international strategy?

- a) International
- b) Global
- c) Multi-domestic
- d) Transnational

Which of the following products is arguably most suited to a global strategy?

- a) Luxury watches
- b) Packaged foods
- c) Cars
- d) Toothpaste

There are three tools for achieving global competitive advantage. These are national differences, economies of scale and:

- a) Differential advantages
- b) Economies of scope
- c) Efficiency
- d) Learning

A strategy that can exploit local differences and achieve global efficiencies is called:

- a) Transnational
- b) Global
- c) Multi-domestic
- d) International

Leadership is defined as:

- a) Making order out of complexity
- b) Bringing about change
- c) Allocating roles and responsibilities
- d) Decision making

Which of the following activities is most likely to be a leadership activity?

- a) Coping with organizational complexity
- b) Formulating strategy
- c) Problem solving to ensure strategy is implemented
- d) Planning and budgeting

Identify three distinct leadership roles.

- a) Designer, teacher, steward
- b) Designer, motivator, steward
- c) Designer, motivator, teacher
- d) Designer, teacher, guide

Which of the following is NOT commonly used M&A terminology?

- a) Consolidation.
- b) Alliances.
- c) Joint Venture.
- d) Licensing.

In the long run, a successful acquisition is one that:

- a) Increases financial leverage.
- b) Increases the market price of the acquirer's stock over what it would have been without the acquisition.
- c) Enables the acquirer to make an all-equity purchase, thereby avoiding additional financial leverage.
- d) Enables the acquirer to make an all-equity purchase, thereby avoiding additional financial leverage.

What are NOT the problems associated with mergers and acquisition?

- a) Managers overly focused on acquisition
- b) Too Large
- c) Large or Extraordinary Debts
- d) Adequate evaluation of target

Consumers in Japan have access to cell phones with digital cameras to send snapshots by e-mail, built-in players for music downloads, global satellite positioning technology to tell them exactly where they are, and the ability to stream pictures of the caller. This high level of sophistication has led to the creation of a cutting-edge industry that develops increasingly more advanced handheld gadgetry. According to Michael Porter, conditions in Japan are examples of:

- a) demand conditions.
- b) country structure and strategy.
- c) factor conditions.
- d) synergy.

To enter the European market, Starbucks joined in a cooperative venture with Bon Appetit Group A.G. in Switzerland. Bon Appetit has the recognized brand name and Starbucks has the product and the expertise to run coffeehouses. Bon Appetit and Starbucks benefited from their:

- a) International competition.
- b) Tactical relationship.
- c) Functional co-design.
- d) Strategic alliance

Carlos Andrade is a Mexican entrepreneur that manufactures horchata, a rice-based drink, tamarind juice, and agua de jamaica, an infusion of hibiscus. He uses distributors to get his beverages into stores in the U.S. Carlos Andrade uses:

- a) Joint Venture.
- b) indirect exporting
- c) licensing.
- d) contract manufacturing.
- e) franchising.

Much of the water in India contains arsenic, a naturally occurring carcinogen. Apyron Technology has developed an innovative device for removing this contaminant. Apyron executives went to India to sell the water purification device. They personally installed three of them to show the government how effortless installation was. To get its product to India, Apyron Technology used:

- a) Joint Venture.
- b) exporting
- c) licensing.
- d) contract manufacturing.
- e) franchising.

Capital Radio PLC, the United Kingdom's biggest commercial radio firm announced in 2002 that it would cooperate with Walt Disney Co. to create a radio network for children under the age of 16. The company will broadcast to a potential audience of 25 million under the name Capital Disney. This new radio network will be created as the result of:

- a) Joint Venture.
- b) indirect exporting
- c) licensing.
- d) contract manufacturing.
- e) franchising.

Paris-based Vivendi Universal SA purchased USA Networks, Inc. and ten percent of EchoStar Communications Corp., to give it a distribution system for its movies. In terms of market-entry strategy, this is an example of:

- a) Joint Venture.
- b) contract manufacture
- c) licensing.
- d) Direct investment .
- e) franchising.

Turkmenistan is in Central Asia and is one of the former Soviet republics. It sits atop the world's fifth largest natural gas reserve. The country also has other important resources including diamonds and millions of potential laborers. But instead of opening the country to the outside world and using its natural resources as

\_\_\_\_\_ to create a national competitive advantage, the leader of the country is totally resistant to outside influences.

- a) structural conditions
- b) demand conditions
- c) socio-cultural conditions
- d) competitive conditions
- e) factor conditions

During the 1994 soccer World Cup, both McDonald's and Coca-Cola made the mistake of reprinting the Saudi Arabia flag, which includes sacred words from the Koran, on disposable packaging used in promotions. The uproar over this misuse of \_\_\_\_\_ forced a recall of the offending items.

- a) cultural symbols
- b) values
- c) ethics
- d) morals
- e) religious belief

KFC in Japan altered the sweetness of its coleslaw to appeal to Japanese tastes. This is an example of which type of international product strategy?

- a) Product extension
- b) Product customization
- c) Product adaptation
- d) Product invention
- e) Product integration