

Total No. of Questions : 5]

SEAT No. :

P4731

[5659]-3001

[Total No. of Pages : 3

M.B.A.

**301 : STRATEGIC MANAGEMENT
(2016 Pattern) (Semester - III)**

Time : 2¼ Hours]

[Max. Marks : 50

Instructions to the candidates:

- 1) *All questions are compulsory.*
- 2) *Each question carries 10 marks.*
- 3) *Each question has an internal option.*
- 4) *Support your answer with suitable examples.*

Q1) a) Case Study:

Netherland Beverage Limited (NBL)

Netherland Beverage Limited entered the Indian wine industry in 2009 by acquiring the Mastana Wine Company of Shimla and two other smaller wine companies at Kalka for Rs. 50 lakh. Despite hostility expressed by other wine makers and predictions that NBL would very soon fail as other outsiders such as Parminder Wine Company had, the entry succeeded. NBL performed the unheard of feat of establishing a volume of 30 lakh cases within two years and taking the market share away from premium brands such as the National Wine Company of Bombay, Pearl Drink Limited of Pune and Syndicate Cola Limited of Madras.

NBL advertised heavily and incurred Rs.10 lakh in one year and standardised the taste of its wines with considerable success. It also invested Rs. 48 lakh in a large, new winery at Ahmedabad. One of NBL Executives said, 'By 2020, consumption of wine in India will be a litre per capita, compared with half a litre today.'

The industry reacted to NBL's presence by doubling and tripling advertising expenditure. ABC and Company began a costly campaign to market premium and varied wines while reducing marketing emphasis on its cheap wines such as Nahan Drinks and the Gola Beverage. ABC maintained its 25 percent market share but had to resort to some heavy price discounting to do so.

In 2014 Pearl Drinks formed a special wine unit to combine efforts for all its brands. Mr. Sailesh Kumar former Vice President of the National Wine Company had directed a project to coordinate Pearl's world-wide wine business and develop a worldwide strategy. The new unit was, in fact, a result of his work.

P.T.O.

In 2015, wine consumption changed from growth at a rate of 5 per cent to no growth. The government also lifted the ban on imports of wine. This presented an even greater challenge because imported wines were cheaper as well as superior in quality.

In 2017 Mr. Ranganathan took over as Managing Director of NBL. He reviewed the recent performance of the company and its competitive position. He noted that the company was losing its hold over the market and it was not getting the return as expected. He also found that the company's performance in the syrup business was excellent. He, therefore, thought of selling out the-wine business to Pearl Drinks. He convened an executive meeting and apprised the executives of his proposal. He also informed them that Pearl Drinks had offered the company to recapture its investment in the wine business which was about Rs. One crore. Mr. Arun Mehta, General Manager, observed that NBL was in and out in the past six years and has joined different organisations in trying the wine business. The finance Manager, M. Subhash Ghai said, "The return on assets in the wine business is not the 30 to 35 per cent, which NBL is used to getting in the syrup business. Gaining share and trying to compete with ABC and Company left NBL with, eventually, the number two position in the wine industry with profits of Rs. 60 lakh on Rs. 220 lakh in sales. The stockholders wanted immediate return and hence the company could not afford to make long-term investments necessary to popularise the brands. Had they stayed for five more years, they would have been a key leader in a large and profitable industry."

Pearl Drinks immediately would have gone from the sixth position in the industry to a strong second place with an 11 per cent market share. The Chairman of Pearl Drinks stated: "We believe you can make money in this business in two ways -- remain a small boutique winery or become large and achieve economies of scale."

Mr. Harish, Marketing Manager of NBL said, "It is no use selling out our business to Pearl Drink and get back what we have invested. We can compete with our competitors successfully and improve our market share if we manufacture wines of varying qualities to suit the varied preferences and pockets of diverse Sections of society. We should also offer price discounts to attract the consumers. There should be wide publicity of our brands throughout the country."

Questions:

- i) Perform SWOT analysis for NBL.
- ii) What strategies would you suggest for NBL for increasing their share of the market?

OR

- b) Strategy includes the determination and evaluation of alternative paths to an already established mission or objective and eventually, choice of the alternatives to be adopted.' Explain the statement underlining the process of strategy formulation.
- Q2)** a) Technological factors represent major opportunities and threats, which must be taken into account while formulating strategies. Discuss. How can a firm build a sustainable technology based competitive advantage?
- OR
- b) Explain the following:
- i) VRIO Framework
 - ii) Strategic importance of resources
- Q3)** a) Discuss the advantages and limitations of growth strategies with examples.
- OR
- b) What are generic competitive strategies? Explain.
- Q4)** a) Discuss: Mc Kinsey's 7s framework for organisational analysis with an illustration.
- OR
- b) Discuss the process of strategic evaluation and control in detail.
- Q5)** a) Explain Difference between blue & red ocean strategies,
- OR
- b) Write short notes the following: (Any two)
- i) Total Quality Management (TQM)
 - ii) Triple Bottom line.
 - iii) Virtual Value Chain.

x

x

x