



MORE QUESTIONS SOLVED

I. Very Short Answer Type Questions [1 Mark]

Question 1. What options are available to any company to survive in the changing environment?

Answer: Normally, any company has only two options either (a) Withdraw, or (b) Fight

Question 2. The manner which can help a company achieve, defend, grow, expand, diversify depends on what?

Answer: The manner which can help a company achieve, defend, grow, expand, diversify depends on the kind of strategy it pursues.

Question 3. What is entrepreneurial strategy?

Answer: Entrepreneurial strategy represents the set of decisions, actions and reactions that first generates and then exploit over time, a new entry in a way that maximizes the benefits of newness with minimizing its cost.

Question 4. "STABILITY" is what the entrepreneur is looking for in the beginning." Why?

Answer: "STABILITY" is what the entrepreneur is looking for in the beginning, as stability strategy is less risky, easy and comfortable, unconsciously pursued, defensive and satisfactory and also enhances functional efficiencies.

Question 5. Expansion by a firm depends on which factors.

Answer: Expansion by a firm depends on the degree of growth and momentum of growth which the firm aspires.

Question 6. What is initially preferred by a firm for expansion?

Answer: Initially, enterprise prefers internal expansion strategy.

Question 7. What is Intensive expansion?

Answer: Intensive expansion refers to the increase of sales of its existing product by enlarging the existing markets by an enterprise.

Question 8. How can a firm encourage the non-users of the product to use the product?

Answer: A firm can encourage the non-users of the product to use the product by using any mode of sales promotion viz. (i) Advertising (ii) Personal Selling (iii) Discounts (iv) Coupons (L>) Samples.

Question 9. How can a firm enter foreign market?

Answer. A firm can enter foreign market through:

- (a) Indirect Export,
- (b) Direct Export,
- (c) Licensing,
- (d) Contract Manufacturing,
- (e) Joint Ventures,
- (f) Direct Investment.

Question 10. What do you mean by Market Development Strategy?

Answer: Market development strategies refers to selling the firm's existing products to new groups of customers, i.e. exploring new markets for the existing product at national as well as at

international level.

Question 11. Give one example of Licensing.

Answer: Coca-Cola carries out its international marketing by licensing bottlers around the World i.e. franchising bottlers and suppliers them with the syrup and the training needed to produce, distribute and sell the coke.

Question 12. How is licensing used by the firms for entering in global market?

Answer: The licensor licenses a foreign company to use a manufacturing process, trademark, patent, trade secret or other item of value for a fee or royalty.

Question 13. What is contract manufacturing?

Answer: It is a method for a local firm to go global. Here, the firm engages local manufacturers to produce the product for them.

Question 14. What is vertical integration?

Answer: Vertical integration refers to any of the activities or functions, previously performed by the firm right from sourcing of raw material to supply of finished goods, through external agencies which will now be performed by the firm itself.

Question 15. What do you mean by Backward Integration?

Answer: It refers to taking a step back on the value-added chain towards the raw materials, i.e. producer also becomes a raw materials wholesaler.

Question 16. What is Market Expansion Grid?

Answer: Market Expansion Grid is a useful framework for detecting new intensive growth opportunities for a product or firm.

Question 17. How many types of options are available of expansion? Name them.

Answer: There are three expansion options:

(a) Intensification (b) Integration (c) Diversification.

II. SHORT ANSWER TYPE QUESTIONS [2/3 MARKS]

Question 1. Give examples of famous merger and takeover of companies in India.

Answer: Following are the famous mergers and takeovers:

- Coca-Cola purchased Thums-up and Gold Spot for ₹ 180 crores while Pepsi took over Dukes, 'Magnolia'.
- Colgate bought Ciba-Geigy's Cibacca range of toothpaste and brushes for ₹ 131 crores.
- Brook Bond—Lipton acquired the Cadbury's Dollops ice cream business and Kissan Jam.
- Citibank beautifully implanted the concept of marketing through the acceptance of credit throughout the country.

Question 2. Describe an example of collaboration.

Answer: Car market: Phenomenal changes in the car market are happening in India and in the world. Due to collaborations happening between many Indian companies with different foreign car makers like Ford, Peugeot, GM (Opel-Astra), Daewoo, etc, car market had got a tremendous boost in India.

In order to survive in the changed and changing environment, a business enterprise needs to be strong enough to cope with the challenges before it.

Question 3. Fight is a better option for firms in the changing environment. Why?

Answer: Fight is a better option for firms in the changing environment as there is no fun in surrendering before a war. Thus, it is better to plan:

- (a) Sharper, focused, competitive strategies to face the new competition.
- (b) Tone up the existing strength and leverage the first mover advantage.
- (c) Realize the need for growth of business enterprises.

Question 4. What strategies are available to a firm for achieving its growth objectives?

Answer: The corporate strategies a firm can adopt, have been classified into four grand categories:

- (i) Stability maintain strategies
- (ii) Expansion - growth strategies
- (iii) Retrenchment/Divestment strategies
- (iv) Combination strategies.

Question 5. Explain the meaning of Expansion.

Answer:

- Expansion is one of the forms of internal growth of business
- It means enlargement or increase in the same line of activity.
- Expansion of an enterprise can be both in domestic market as well as in international arena.
- Expansion can be done through various methods and many options that are available to an enterprise.

Question 6. What methods can be used for encouraging frequency of use of the product by a firm?

Answer: Customers can be encouraged to increase the frequency of use of the product by.

- Encouraging frequency of use of the product: For example, brush twice a day with any toothpaste to prevent cavities.
- Usage per use of the product: For example, every time you shampoo your hair, repeat it two times for better results.

Question 7. Describe one example describing “Attract new clientele” strategy of a firm.

Answer: In India greeting cards use was limited to festivals and birthdays. Archies’ systematically and aggressively promoted cards more as a medium of communication than as a way to merely sending Good Wishes. Archie’s was successful to an extent of having collaboration with Hallmark Cards of the U.S.A. to market its cards in India.

Question 8. Describe one example describing “Attract Competitors Customers” strategy of a firm.

Answer: Hindustan Lever had a strategy of multi-branding with an aim of capturing the market by winning the customers of their competitors. It introduced many brands in soaps and I detergents markets, so that no segment is left untouched. It has Dove-in the Ultra premium segment, Lifebuoy - in the economic segment and Rexona, Liril and Le Sancy— i in the remaining segments.

Question 9. While opting for New Geographical Market for extending sales, an entrepreneur must take which features?

Answer: While opting for New Geographical Market for extending sales approach an entrepreneur must be aware of:

- Customers’ preferences
- Language
- Legal requirements
- Regional differences, etc.

Question 10. Expansion is a very useful tool to safely increase a customer’s profile. Why?

Answer: Expansion is a very useful tool to safely increase a

customer's profile. This helps to:

1. Achieve economies of large scale production;
2. To reduce its risk;
3. To reduce dependence on any one market;
4. Counter attack a global firm from snatching their customers through better products at cheap prices.
5. Foreign markets might provide higher profit opportunities than the domestic market.

Question 11. Give examples of the past who are on the top today but once were in sorry state of affairs.

Answer:

1. Coca-Cola had to withdraw their 2 litre bottles in Spain after discovering that few Spaniards only owned refrigerators with large enough compartments to store it.
2. S.C. Johnson's wax floor polish initially failed in Japan. The wax made the floors too slippery and Johnson had overlooked the fact that Japanese don't wear shoes in their homes.
3. General Foods, "Tang" initially failed in France because it was positioned as a substitute for orange juice at Breakfast. The French drink little orange juice and almost none at breakfast.

Question 12. Explain, how did Forhan's use demographic features to increase sale?

Answer: Forhan's toothpaste was losing its market share to Colgate and Closeup which were coming up with new variations of toothpastes. Forhan's was being viewed as the tooth paste prescribed by the doctor and meant for the older generation, i Forhan's then came up with a brand extension-Forhan's Fluoride, with a better, tangier taste than the original, propagating it as excellent for healthy gums and teeth, for all those who are above 6 years. Forhan's got a New lease of Life. It thus targeted a new age group in a effective way.

Question 13. Before going global what is to be decided by the firm?

Answer: Before making a decision to go global or abroad, the company must weigh several risks by deciding:

- (i) Strategically, logically whether to go abroad or not
- (ii) Which markets to enter?
- (iii) How to enter the foreign market?
- (iv) The marketing program
- (v) Marketing organisation.

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