



MACHAKOS UNIVERSITY

University Examinations for 2019/2020 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

..... YEAR SECOND SEMESTER EXAMINATION FOR

MASTER OF BUSINESS ADMINISTRATION

BBA 862: STRATEGIC MANAGEMENT SEMINAR

DATE:

TIME:

INSTRUCTIONS:

ANSWER question ONE and any OTHER THREE questions

1. Question one carries 30 marks, while the rest carry 20 marks each
2. Use of suitable real practical examples is encouraged

QUESTION ONE (30 MARKS)

Read the following case scenario (**PTC Food Division**) and attend to the questions that follow.

PTC Food Division

In 2006-07 PTC Food division decided to enter the fast growing (20-30% annually) snacks segment, an altogether new to it. It had only one national competitor-Trepsico's Trito. After a year its wafer snack brand-Ringo, fetched 20% market share across the country. Ringo's introduction was coincided with the cricket world cup. The wafer snacks market is estimated to be around Rs. 250 crores. The company could take the advantage of its existing distribution network and also source potatoes from farmers easily. Before the PTC could enter the market a cross-functional team made a customer survey through a marketing research group in 14 cities of the country to know about the snacks of eating habits of people. The result showed that the customers within the age-group of 15-24 years were the most promising for the product as they were quite enthusiastic about experimenting new snack taste. The company reported to its chefs and the chefs came out with 16 flavours with varying tastes suiting to the targeted age-group.

The company decided to target the youngsters as primary target on the assumption that once they are lured in, it was easier to reach the whole family. Advertising in this category was extremely

crowded. Every week two-three local products in new names were launched, sometimes with similar names. To break through this clutter the company decided to bank upon humour appeal.

The Industry sources reveal that PTC spent about Rs. 50 crores on advertisement and used all possible mediaprint and electronic, both including the creation of its own website, Ringoringoyoungo.com with offers of online games, contests etc. Mobile phone tone downloading was also planned which proved very effective among teenagers. The site was advertised on all dotcom networks. Em TV, Shine TV, Bee TV and other important channels were also used for its advertisement along with FM radio channels in about 60 cities with large hoardings at strategic places.

Analysts believe that Ringo's success story owes a lot to PTC's widespread distribution channels and aggressive advertisements. Humour appeal was a big success. The `Ringo' was made visible by painting the Railway bogies passing across the States. It has also been successful to induce Lovely Brothers' Future Group to replace Trito in their Big-Bazaar and chain of food Bazaars. PTC is paying 4% higher margin than Trepsico to Future group and other retailers. Ringo is giving Trepsico a run for its money. Trito's share has already been reduced considerably. Retail tieups, regional flavours, regional humour appeals have helped PTC. But PTC still wants a bigger share in the market and in foreign markets also, if possible.

Required

- a) Using appropriate tool(s), carry out the situational analysis of PTC? (10 marks)
- b) What key challenges are observable of PTC in entering into the branded snacks market? (6 marks)
- c) Discuss the marketing strategy pursued for “Ringo”? Was this effective? (8 marks)
- d) What is your advice to management for the company towards the realization of Ringo’s expanded market? (6 marks)

QUESTION TWO (20 MARKS)

- a) There has been debate about the scarcity of resources as of the contributing factors to ineffectiveness of businesses and institutions. However, one successful CEO from the private sector recently commented that resource scarcity is not the issue, there is resource adequate and the issue is prioritization and optimal use of the same. Using the Resource Based View, and with reference to the above statements, discuss how an organization can utilize their resources to achieve competitive advantage. (10 marks)
- b) Citing and using appropriate organizations make a discussion on how value chain analysis can contribute to organizational success. (10 marks)

QUESTION THREE (20 MARKS)

- a) Citing and using relevant examples, discuss Michael Porter's five forces analysis tool, bringing out circumstances when its utilization is appropriateness. (12 marks)
- b) Using suitable examples describe following terminologies.
- i. Intended strategy (2 marks)
 - ii. Emergent strategy (2 marks)
 - iii. Realized strategy (2 marks)
 - iv. Logical incrementalism (2 marks)

QUESTION FOUR (20 MARKS)

For quite some time Uchumi Supermarkets was the choice retail chain stores outlet for many in Kenya. Probably because of this and other reasons, the management went on outlet expansion spree to various parts of the country. However, things have not well in the last 10 years leading to closure of a number of outlets due to wanting business performance. Julius Kipngetich was brought on board to lead the turnaround of the chain stores. This did not work out.

- a) Identify and discuss any five possible explanations behind the failure of Uchumi's market expansion strategy. (10 marks)
- b) What should have been done to inform their turnaround strategies and ensure success? (10 marks)

QUESTION FIVE (20 MARKS)

Read the statements on the company below (**Microsoft Misfires in China**) and respond to questions at the end of the case.

Microsoft Misfires in China

One box that solves two problems. That was Microsoft's hope for Venus, a \$240-\$360 gadget running windows CE software that turns Chinese TV sets into internet appliances. Venus would solve two problems by making it both easier and cheaper for Chinese consumers to access the web. Venus was the key to penetrating china, because it would make windows nearly ubiquitous in living rooms from Shenzhen Shangai.

Of the three main Chinese companies that signed up to sell Venus boxes, two have pulled from the market. Only legend computer is still selling the units in china –and it ships most of this supply to Southeast Asia. Why has Venus fizzled? Zhang blames both a lack of online content and the relatively high cost of internet access. But others say Microsoft misjudged the willingness of Chinese to buy what is essentially low-rent technology. And with PCs selling for as little as \$600, there isn't much reason to buy Venus. The Venus project is not the only misfire in Microsoft's

china strategy. Microsoft continues to battle software pirates, a poor image with Chinese authorities and consumers, and a growing threat from rivals offering inexpensive Linux-based service. Microsoft won't release its china revenues, but analysts say they are probably under \$100 million this year-less than the company make in Hong Kong. "We are much smaller than we expected," says Microsoft General Manager Jack Gao.

Increasingly Microsoft must contend with companies offering Linux, the open-source operating system. The threat is perhaps more political than anything else. Beijing likes to set one foreign company against another-as it has done with Boeing and Airbus. By playing up the potential of Linux, the government may be telling Microsoft that it had better play by its rules.

But Microsoft faces no greater competitor than the thieves who have elevated software piracy to a finer art. Last year, overall sales of the computer hardware in china topped \$18 billion. But software sales were measly \$2.1 billion. In other countries, the ratio is closer to even. Blame the shortfall on the pirates. Because of all the counterfeiting, Microsoft sold only 2 million licensed copies of its software in china during the year ending in June.

Chinese aren't ready to give up on counterfeit versions of Windows either. "We have a lot of users," say Jack Gao ruefully. "But we don't have a lot of customers." With Beijing intent on developing a local software industry, he says, cracking down on the pirates is in china's interest, too. That will take time. For now, a more humble Microsoft will have to keep trying to win friends in the emerging market it values most.

Required

- a) Identify and discuss opportunities in the China market that triggered Microsoft decision to enter the market (4 marks)
- b) Discuss the strategies used by Microsoft in entering and managing its operations in China. (6 marks)
- c) What could be attributed to the failure of Microsoft's strategies in China? (4 marks)
- d) What should they have done? Provide and discuss your advice? (6 marks)