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NEW SCHEME

Fourth Semester M.B.A Degree Examination, July 2007
Business Administration
Strategic Management

Time: 3 hrs.]

[Max. Marks:100

Note :1. Answer any FIVE of the following questions.
2. Question No.8 is compulsory.

- 1
 - a. State the characteristics of Strategic Management. (03 Marks)
 - b. Bring out the relationship between a company's strategy and its Business model. (07 Marks)
 - c. Explain the Strategic Management process. (10 Marks)
- 2
 - a. Differentiate between Vision and Mission statements. (03 Marks)
 - b. Discuss the strategically relevant components of a company's external environment. (07 Marks)
 - c. How are strategic objectives superior to financial objectives? How is Balance score card beneficial in setting objectives? (10 Marks)
- 3
 - a. Distinguish between core competence and distinctive competence. (03 Marks)
 - b. What is Strategic Group Mapping? What benefits can be derived from such maps? (07 Marks)
 - c. Explain Porters five forces model. Use the model to analyze the Telecom industry. (10 Marks)
- 4
 - a. State any three benefits of benchmarking. (03 Marks)
 - b. Explain the concept of a company's value chain. (07 Marks)
 - c. What are company's resource strengths and weaknesses? Prepare a checklist of such strengths and weaknesses. (10 Marks)
- 5
 - a. How is low cost provider strategy different from best cost provider strategy? (03 Marks)
 - b. When does differentiation strategy work best and what are its pitfalls? (07 Marks)
 - c. Write short notes on:
 - i) Strategic alliance.
 - ii) Mergers / Acquisitions. (10 Marks)
- 6
 - a. State any three types of offensive strategies. (03 Marks)
 - b. Discuss the options for a company to enter and compete in foreign markets. (07 Marks)
 - c. How can the GE nine cell planning grid be used by a company that is diversified into multiple business? (10 Marks)
- 7
 - a. What is the relationship between strategy and structure? (03 Marks)
 - b. Is culture an ally or obstacle to strategy execution? Discuss. (07 Marks)
 - c. Explain the different types of strategic control. (10 Marks)

Contd....2

8 Read the case given below and answer the questions.

In July 1999, the Government of India decided to allow private players to enter the FM radio-broadcasting sector. It planned to offer ten-year licenses to private players in 40 cities across India. These private broadcasters would be permitted to offer only music, education and entertainment-based programs, not news or current affairs programs.

Following the announcement, many companies bid for licenses to operate in various cities. The first private FM radio station Radio City began functioning in July 2001 in Bangalore, Karnataka. By October 2001, sixteen companies were issued licenses to operate private FM radio stations.

In 1993, the government allowed private players in the FM sector by permitting them to take blocks (i.e. time slots to offer their programming content) on AIR, for FM transmissions. The purpose of this move was to earn revenues for AIR (by way of license fees) and provide variety for listeners. The major players in the private FM market during that period were Times FM (of the media giant Bennett Coleman & Co) and Radio Mid-Day (of the Midday Multimedia group). The programs offered by these private stations were much more listener-friendly and innovative than AIR's programs. As a result, the channels became very successful (in the mid-1990s) and attracted high advertising revenues. By 1997-98, the private FM business in India had grown to Rs.930 million.

FM channels attracted most of the ad revenues. In June 1998, Prasar Bharati stopped the operations of private FM channels, reportedly in an attempt to improve AIR's revenues. But in July 1999, the government again decided to privatize FM broadcasts and came out with a ten-year license deal. The government refused to allow any foreign ownership in the sector. In 2000, the government called for bids for FM licenses.

Reportedly, there are more than 150 million radio sets in India. On the basis of this data, private radio broadcasters claimed that radio had vast potential just waiting to be exploited. They aimed at duplicating the success of satellite television (which transformed the television industry in the 1990s) in the radio sector, with the help of latest digital technologies and innovative programming. According to estimates, radio's share in the total advertising budgets of corporates was likely to grow to 5% by 2007 as against less than 1% in 2001.

Thus, radio ad spend was expected to grow by an estimated CAGR of 45% between 2002-2007 as compared to an estimated 15% growth for total ad spend. Though there was an initial rush for licenses, many companies decided to stay away from the sector because of the high license fees demanded by Prasar Bharati and the risk involved in investing heavily.

These players were not allowed to offer news or current affair programs, and they were given only a fixed number of slots per city. As a result, only a few players remained in the race. They were given licenses to set up 37 stations that would operate across 19 cities in India.

Contd....3

Radio city achieved significant success in Bangalore and Lucknow, registering high listenership ratings. With the launch of Radio city, overall FM radio listenership increased by 56% while the time spent on listening to radio tripled (from 1 hour to 3 hours). Home listening increased to 85% with listenership at the workplace also growing at a rapid pace. By late 2001, FM transmission reached 21% of India's population and covered over 17% of the country's area.

Radio city's market strategy was developed after six months of intensive research conducted in Bangalore. As part of this strategy, the company focused on creating brand name and brand awareness, before moving on to specific target programming. Sumantra Dutta, COO, Radio Division, STAR, said "What we are looking at is the first mover advantage. We are the first private FM radio station in India, and we plan to cash in on this." The company identified music as a universal theme and offered music-based programs in both English and local languages.

Radio city also signed a contract with Newscorp to leverage the best international talent in the fields of technology, research, engineering, sales, marketing and programming.

The target audience for Radio Mid-Day was however, car owners. The channel's programs targeted car owners, who had to spend hours stuck in the traffic. For the afternoon slot, Mid-Day focused on offering programs that appealed to housewives. Rajesh Tahlil, Head of Radio Mid-day, said, " In the afternoon slot, we will have to compete with television for the attention of housewives. What we are aiming at is the top 20% of the radio audience. Thus we have decided to choose an audience, and go with it."

The increasing popularity of FM resulted in considerable growth in the advertising revenues and listenership by radio companies. Questions for discussion :

- a. Discuss the growth and decline of radio broadcasting in India and examine the reasons for the fall in the medium's popularity during the 1990s. (05 Marks)
- b. Analyze the changes in the Indian radio market with the entry of private players into the FM sector. (05 Marks)
- c. Critically evaluate the private players strategies to leverage the potential of radio. (05 Marks)
- d. Do you suggest the new entrants might follow similar strategies to expand the market and ensure success? (05 Marks)
