2A

APPENDIX

Strategy Frameworks

Multiple Choice Questions

1. For making outsourcing decisions, value chain analysis is preferable to customer segmentation analysis:
(a) True (b) False

2. A large sunk cost is one of the main reasons for non-rivalry in intangibles:
(a) True (b) False

3. Tangibles are scalable:
(a) True (b) False

4. The network effect strategy is also called the winner-take-all strategy:
(a) True (b) False

5. Microsoft is a typical example of success with network strategy:
(a) True (b) False

6. Disruptive technologies become performance-competitive in future:
(a) True (b) False

7. For a firm in coarse competitive landscape there is a definite threat of being unseated by a disruptive technology:
(a) True (b) False

8. Companies in health care are typically in a roiling competitive landscape:
(a) True (b) False

9. Companies in coarse competitive landscape typically have a decentralised organizational structure:
(a) True (b) False

10. Which of the following is not among the five basic competitive forces in the Porter Model of profit potential of an industry?
(a) Rivalry among new entrants
(b) Pressure from substitute products.
(c) Bargaining power of sellers.
(d) Bargaining power of buyers
(e) None of the above.

11. Entry barriers are low when economies of scale are enjoyed by the industry:
(a) True (b) False

12. The intensity of rivalry in an industry tends to be high when:
(a) The number of competitors is few.
(b) The industry growth rate is high.
(c) There is chronic under capacity in the industry.
(d) The level of fixed costs is high.
(e) None of the above.

13. When the substitute products are being produced by industries earning low profits, the threat to the firms' profitability tends to be high:
(a) True (b) False

14. The bargaining power of a buyer group is high when:
(a) Its purchases are large relative to the sales of the seller.
(b) Its switching costs are low.
(c) It poses a strong threat of backward integration.
(d) All the above
(e) None of the above.

15. Customer segmentation analysis is done from the perspective of the:
(a) Customer
(b) Producer
(c) Marketer
(d) Both (a) and (b)
(e) None of the above.

16. In value chain analysis discrete activities of a firm are studied rather than the company as a whole:
(a) True (b) False

17. Value chain analysis is particularly relevant for businesses engaged in:
(a) Horizontally integrated activities
(b) Vertically integrated activities
(c) Activities susceptible to technological change
(d) Both (b) and (c)
(e) None of the above

18. According to Adrian Slywotzky and David Morrison, the 'modern value chain' should start with:
(a) Offering
(b) Channels
(c) Customer
(d) Raw materials
(e) None of the above.

19. A key characteristic of knowledge –based companies is low initial but high incremental costs:
(a) True (b) False

20. Which of the following asset is non-rival in nature?
(a) Human asset
(b) Plant and machinery
(c) Bank deposit

(d) Patent
(e) None of the above

21. The evolution of Microsoft's products from operating systems , to applications, to internet access is a conspicuous example of what is known as:
(a) Link-and-leverage
(b) Adaptation
(c) Lock-in
(d) Captivisation
(e) None of the above.

22. 'Disruptive products' do not look financially attractive in the short-run:
(a) True (b) False.

23. In terms of competitive landscape, retail business falls under:
(a) Stable landscape
(b) Coarse landscape
(c) Roiling landscape
(d) Fragmented landscape
(e) None of the above