**JAIPURIA INSTITUTE OF MANAGEMENT, INDORE**

**PGDM**

**FOURTH TRIMESTER (Batch 2021-23)**

**END TERM EXAMINATION, NOV-2022**

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| Course Name | **Strategic Management** | Course Code | **30704** |
| Max. Time | **2 hours** | Max. Marks | **40** |

**INSTRUCTIONS:**

All Questions are compulsory

**Part 1**

**Refer to the Apple Case (excerpt below), and answer the questions.**

Apple Retail operates over 360 retail stores which employs over 40,000 people and plays host to more than a million visitors every day. Apple’s retail operations are on track to generate more than $20 billion in 2012. Amazingly, Apple’s stores average over $7,000 per square foot which is more than twice the former gold-standard Tiffany & Company. It is estimated that Apple’s Fifth Avenue store generates over $35,000 per square foot making it the highest-grossing retailer in New York - ever. Apple Stores are now the highest-performing stores in retail history.

How did a company with no experience in retail become the fastest in U.S. history to reach annual sales of $1 billion during the worst financial crisis in modern times? How did Apple entice millions of people to visit their stores and pay full price when all their products are readily available at other retailers and even tax-free online at Amazon.com?

Apple had to think differently about the retail experience and Apple-ify it. It added Gap’s CEO Milliard (“Mickey”) Drexler to its Board of Directors because Gap stores had modern retailing environments and hired Ron Johnson who succeeded in giving Target a more upscale image. At Drexler’s suggestion, Apple built a complete mock-up of an Apple Store inside a warehouse in Cupertino where they experimented with the layout before opening their doors for real. In fact, Apple’s stores may have opened six months sooner had Steve Jobs not had an epiphany one day. He and Johnson originally laid out the stores by product category reflecting how Apple was organized internally. Jobs realized that this structure would not resonate with consumers and redesigned the stores to reflect how their customers would prefer to shop - by solutions.

After learning that the best service experiences often happened in hotels Johnson created the Genius Bar to dispense advice and guidance the same way the Four Seasons’ concierge’s desk does. Even the methodology to where Apple locates its stores is rooted in Apple’s desire to reinvent retail for the better and to reach and convert the demographic it covets. Knowing that the Mac faithful will drive to a destination but the Windows crowd would not, Apple placed their stores in high-traffic locations, as Steve Jobs told Fortune in 2008, they could “reduce that risk from a 20-minute drive to 20 footsteps.” Realizing that non-Apple customers may be tentative at approaching retail staff for fear of seeming uneducated, Apple introduced free classes and Personal Setup areas in their stores and created self-service scheduling systems so users can arrange appointments with Geniuses online or within the store itself. Clearly this strategy has paid off: Apple now reports that more than half of their “new to Mac” sales are to former Windows users.

**Question 1. (20 Marks)**

1. What type of integration strategy is adopted by Apple? Explain in detail. **(5 Marks)**
2. What is the corporate growth strategy used by Apple in this case? And what is its aligned functional strategy in the retail space? **( 5 Marks)**
3. Appraise the 'strategic execution - leadership traits' followed by Steve Jobs - as outlined by Ram Charan and Larry Bossidy in their book Execution. **(5 Marks)**
4. Evaluate the business impact created by the corporate growth strategy, and functional strategies of Apple? **(5 Marks)**

**Part 2**

**Read the LIC Case excerpt (below) and answer all questions.**

LIC Case Excerpt:

LIC has 25 Crore Customers across the nation.

How LIC is formed:

Nationalization of the life Insurance sector in 1956.

Life Insurance Corporation came into existence in the same year.

The LIC absorbed 154 Indian, 16 non-Indian insurers, and 75 provident societies— 245 Indian and foreign insurers in all.

LIC had a monopoly till the late 90s when the Insurance sector was reopened to the private sector.

End of Monopoly:

The Government set up a committee under the chairmanship of RN Malhotra, former Governor of RBI, to propose recommendations for reforms in the insurance sector

1999 Following the recommendations of the Malhotra Committee report, the Insurance Regulatory and Development Authority (IRDA) was constituted as an autonomous body to regulate and develop the insurance industry.

2000 -The IRDA was incorporated as a statutory body.

External Environment:

GDP grew at the rate of 6.7% for the year 2008-09.

2009-10- GDP growth estimated at 7.2 %.

Household Savings increased from 34.2% (in 2006-07) to 37.9% (in 2008-09)

Household savings in financial assets - More than 11 %

LIC success continues:

LIC has been able to maintain a significant share in the Life Insurance market in spite of intense competition and an expanded market base.

LIC as the largest insurer in Life Insurance Market maintained a 58.06% share in premiums and 70.52% in Individual policies in the financial year ending March 2009. While in Group Insurance the share of LIC was 71.95% and in Policies 85.24% by the end of March 2009.

LIC’s market share of life cover pie up 6% to 72% - in 2019 (FY20) – Economic times

**Question 2. (20 Marks)**

1. Analyze LIC as a market leader, with the help of 5 forces of Industry analysis as explained by Porter. **(5 Marks)**
2. Explain the 5 forces of Task Environment that are assessed by LIC when the market opened up.

**(5 Marks)**

1. How core competency concept applies to LIC? Explain with examples. **(5 Marks)**
2. Analyze LIC's competencies on the basis of VRIO framework. **(5 Marks)**