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| **C:\Users\ADMIN\Desktop\j.png** | **JAIPURIA INSTITUE OF MANAGEMENT, INDORE**  Post Graduate Diploma in Management (Batch 2021-23) |
| **Course Title: Strategic Management, (Course Code: 30704)**  **End-Term Examination, Term - VI (April, 2023)** | |
| **Time Duration : 2 Hours Total Marks: 40** | |

***General Instructions*:**

1. *Answer the questions as directed. The break-up of the marks is given wherever necessary.*
2. *Marks against each question is indicated to its right.*
3. *Answer all the questions of a ‘Section/Question’ at one place in continuation.*
4. *Answers should be brief and to the point.*
5. *Do not write on the question paper except your roll number.*

**SECTION - A**

Q1. Why marketing audit is conducted? If you are the marketing auditor for a firm what all steps you will follow. **(10 Marks)**

Q.2. Consider the automobile industry. Identify competitors of Hyundai SUVs and organize them in terms of their intensity of competition. Also, comment on who are the near and distant competitors and why?  **(10 Marks)**

**SECTION - B**

Part B:

Read the following and answer the questions based on the same.

McDonald’s is the world’s leading food service retailer with more than 32,000 restaurants serving over 50 million customers each day in more than 119 countries. In India, McDonald’s competes with fast food chains like Pizza Hut, Domino’s Pizza, Papa John’s, Nirula’s and KFC.

In India, food industry and particularly informal eating out market is very small. In India, over quarter of a million customers visit McDonald’s family restaurants every day. The Indian fast food market is valued at $1-billion (Rs 4,547 crore) aprrox.

By October 2009, McDonald’s India had more than 170 quick service restaurants in India. Domino’s Pizza, which began operations in India in January 1996, has over 275 stores across 55 cities in the country. KFC has 46 restaurants across 11 cities in India. (KFC is one of the 5 brands owned by Yum!. KFC is a $12 billion global brand and a leading quick-service restaurant (QSR) in many countries.) Nirula’s, one of India’s oldest food chains (completed 75 years in service in March 2009), has a network of around 62 outlets in five states across Northern India. Nirula’s, established in 1934 has interests in hotels, restaurants, ice cream parlours, pastry shops and food processing plants. Nirula’s was the first to introduce burgers in India.

In March 2010, Taco Bell, the Mexican specialty chain owned by US-based fast food brands operator Yum! Restaurants launched its first outlet in Bangalore, India. The company which also operates brands like Pizza Hut and KFC plans for contract farming to open up to 100 outlets by 2015 and also expand into Tier-II and -III Indian cities eventually. In February 2011, KFC, the fast food retail chain announced a new menu called “Streetwise” to offer products at more affordable prices to attract the college crowd. KFC has around 108 stores in India and Streetwise would help it compete better against McDonald’s youth brand offering in India (products priced at Rupees 20). KFC’s products were typically priced between Rs 65 and Rs 500 but with the new menu – between Rs 25 and Rs 100.

In India, McDonald’s does not offer pork or beef-based products. It’s menu is more than 50 per cent vegetarian. The fast food retail chain has separate production lines and processes for its vegetarian and non-vegetarian offerings. McDonald’s has a dedicated supply chain in India and sources 99% of its products from within the country. The company has strong backward integration right up to the farm level. Fast-food chains face a tough time balancing between margin pressures and hiking prices which can hurt volumes. Consequently, the chains have to increase rates or rework their strategies. Affordability has been the cornerstone of McDonald’s global strategy. Some of its measures to achieve this include – Bulk buying, long-term vendor contracts, and manufacturing efficiencies.

McDonald’s MMFY (Made for You) food preparation platform is a unique concept (cooking method) where the food is prepared as the customer places its order. All new upcoming McDonald’s restaurants are based on MFY. This cooking method has helped McDonald’s further strengthen its food safety, hygiene and quality standards. McDonald’s has around 10 MFY restaurants in its portfolio.

In India, McDonald’s first launched home delivery of meals in Mumbai in 2004. McDonald’s now has plans to launch web-based delivery service in India (across 75 McDelivery cities) in 2010, a pilot for which has already been tested by it in Hyderabad. The company hopes to add 5 per cent to sales via Web delivery. McDonald’s web-based delivery model will be based on serving the customer quickly wherein the drive time does not exceed seven minutes because its food has to be eaten within ten minutes of preparation. The footfalls in India are amongst the highest in the world, but the average bill is amongst the lowest. At present (March 2010), Domino’s Pizza (operated by Bhartia Group-promoted Jubilant Foodworks under a master franchise agreement) has a 65% market share in the home delivery segment.

In 2009, McDonald’s India won the CNBC Awaaz Consumer Awards for the third time in the category of the Most Preferred Multi Brand Fast Food outlets.

In 2010, McDonald’s India planned to open 40 more outlets. The company also earmarked a budget of Rs 50-60 crore to market its new products and initiatives for consumers while, in South India, McDonald’s had 29 outlets and planned to add 10 more by end of 2010.

In many countries, in a Quick Service Restaurant (QSR) a customer comes in, buys and then leaves. This is known as a revolving door concept. But an Indian customer believes in a dine-in culture. This adds to the real estate costs which goes as high as 20-25 per cent as compared to 10-15 per cent globally. The cost of opening a new McDonald’s restaurant in India costs about 3 crore rupees. India differs from other countires in other ways as well : for instance, according to market research company, the NPD Group, breakfast accounted for nearly 60 per cent of the restaurant industry’s traffic growth over the past five years in the U.S. Quick service restaurants sold 80 per cent of the over 12 billion morning meals served at US restaurants for the year ending in March 2010.

To boost sales, McDonald’s is looking at new business channels instead of rapid expansion. New business channels include home delivery, kiosks, breakfast, extended hours and drive-throughs. As per estimates, home delivery can increase store sales about 15% and drive throughs by 50%.

According to Euromonitor International and Credit Suisse Emerging Consumer Survey, Indian people spend less ($11) compared to the Chinese ($60) on fast food. Indians spend approx 23% of their earnings and the Chinese approx 20% of their earnings on food. The U.S. spends less than 15% on food.

By 2014, McDonald’s India had estimated that it would source 50,000 Metric Tonnes (as compared to the current 30,000 MT) of potatoes from McCain Foods Pvt Ltd. in India. McCain has been working with more than 800 farmers on approx. 4000 acres of land across Gujarat (West India) under contract farming of potatoes, while McDonald’s India’s total investment in India would touch 1500 crores by 2014. In June 2012, McDonald’s announced that it would open around 250 new restaurants in the next 3 to 5 years with an investment of 750 crore rupees. McDonald’s adopts a cluster wise expansion strategy in India. Accordingly, McDonald’s concentrates and consolidates stores in one region before moving to another. The company plans its future expansion to begin with East Indian region (Kolkata) and then move to cities in other regions like Chandigarh and Ludhiana. McDonald’s has plans to open all-vegetarian restaurants at various pilgrimage sites across India. To begin with, the company plans to target pilgrims at sites like Vaishno Devi in Katra, Jammu and Kashmir and at the Golden Temple in Amritsar. It already has one outlet in Katra.

Q1. On the basis of information given above, evaluate the macro environment for McDonald.

**(10 Marks)**

Q2. Evaluate McDonald’s resources and capabilities with VRIO analysis with the help of details provided above and clearly stated assumptions where needed. **(10 Marks)**