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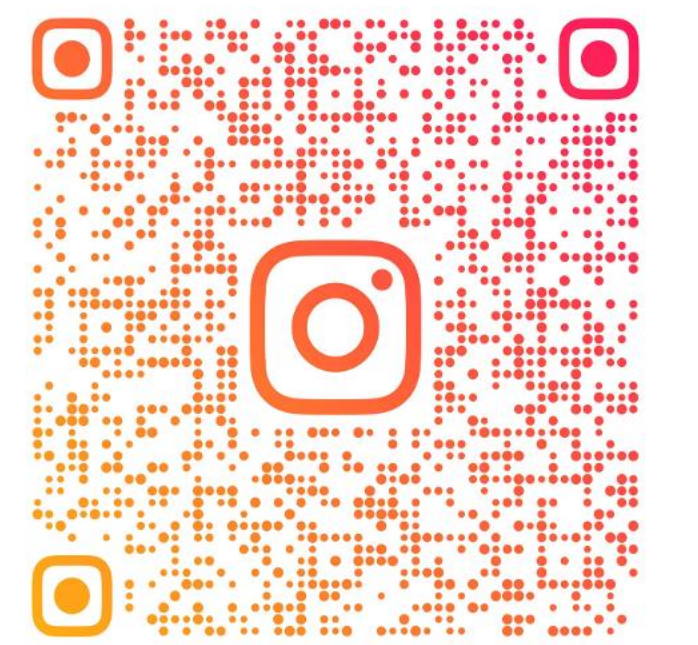


CA ADARSH JOSHI

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FOUNDER

- 8+ years of teaching experience in CA education
- Subject Expert in:
CA Foundation – Paper 2: Business Laws
CA Intermediate – Paper 2: Corporate and Other Laws
- Has uploaded over 3000+ educational videos for CA Foundation and CA Inter students
- Known for his dynamic, conceptual and “fun-and-learn” teaching style
- Guided thousands of students across India to success in CA exams
- Strong academic background with B.Com (BMCC, Pune) and ACA qualification
- Widely appreciated for his clarity, energy, and practical approach to law subjects
- Through Shikshadwar, offers comprehensive classes, books, tests, and mentorship to CA students



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- Chartered Accountant by profession & educator by passion
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- Elected as Convenor of The Jalna CA CPE Chapter of WIRC of ICAI For 2 consecutive years 20-21 & 21-22.
- He Has Successfully Completed & Qualified Following Certificate Course Conducted By ICAI
 1. Forensic Accounting & Fraud Detection
 2. Concurrent Audit of Banks
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 4. Public Finance & Accounting
 5. Drafting & Pleading Before Authorities
 6. Wealth management & Financial Planning
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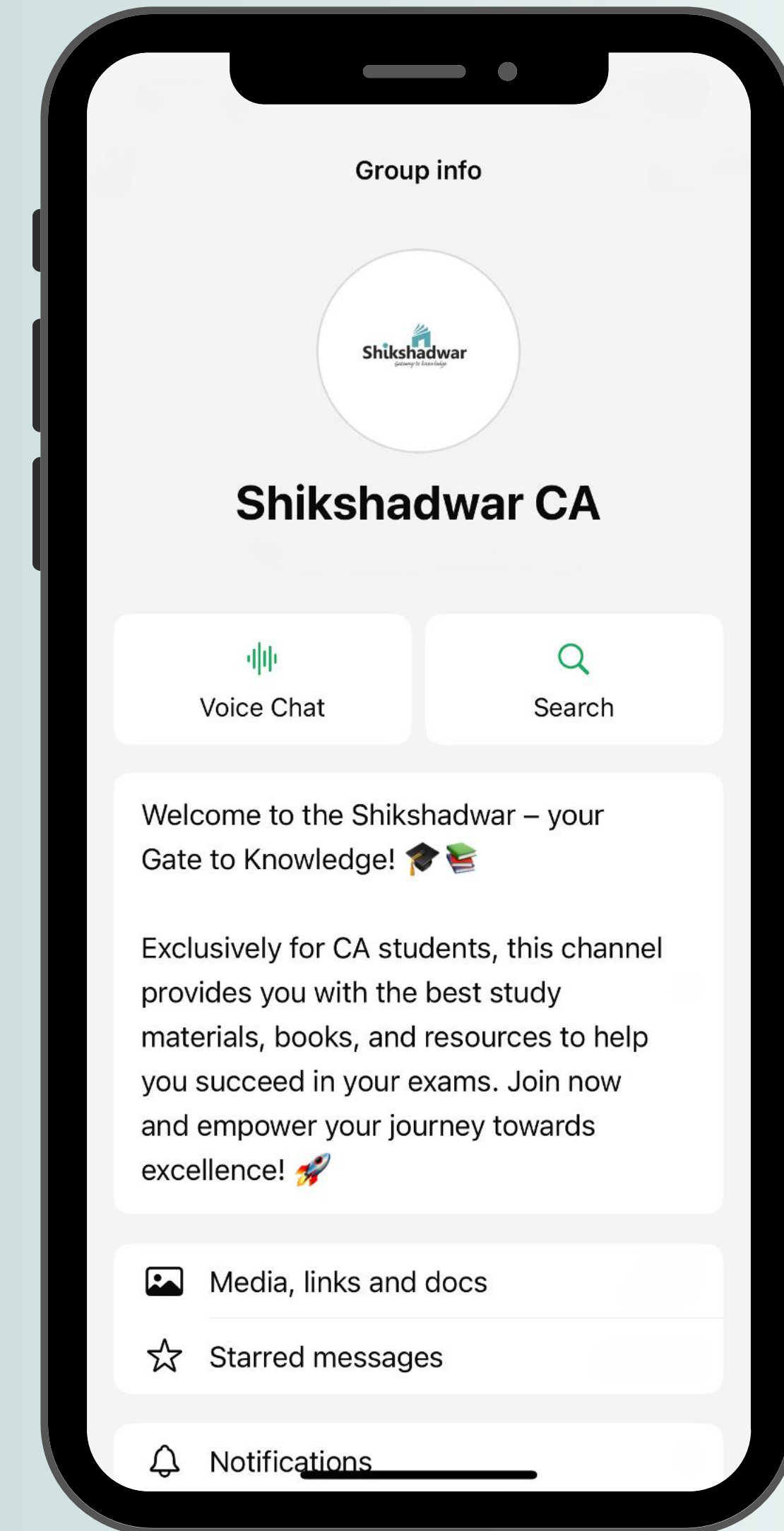
- A multi-faceted professional with a Chartered Accountancy qualification and a Bachelor's degree in Law.
- Brings 7+ years of teaching experience across CA and CS professional courses.
- Specializes in:
 - Taxation at CA Intermediate and CS Executive levels
 - Economics at CA Foundation level
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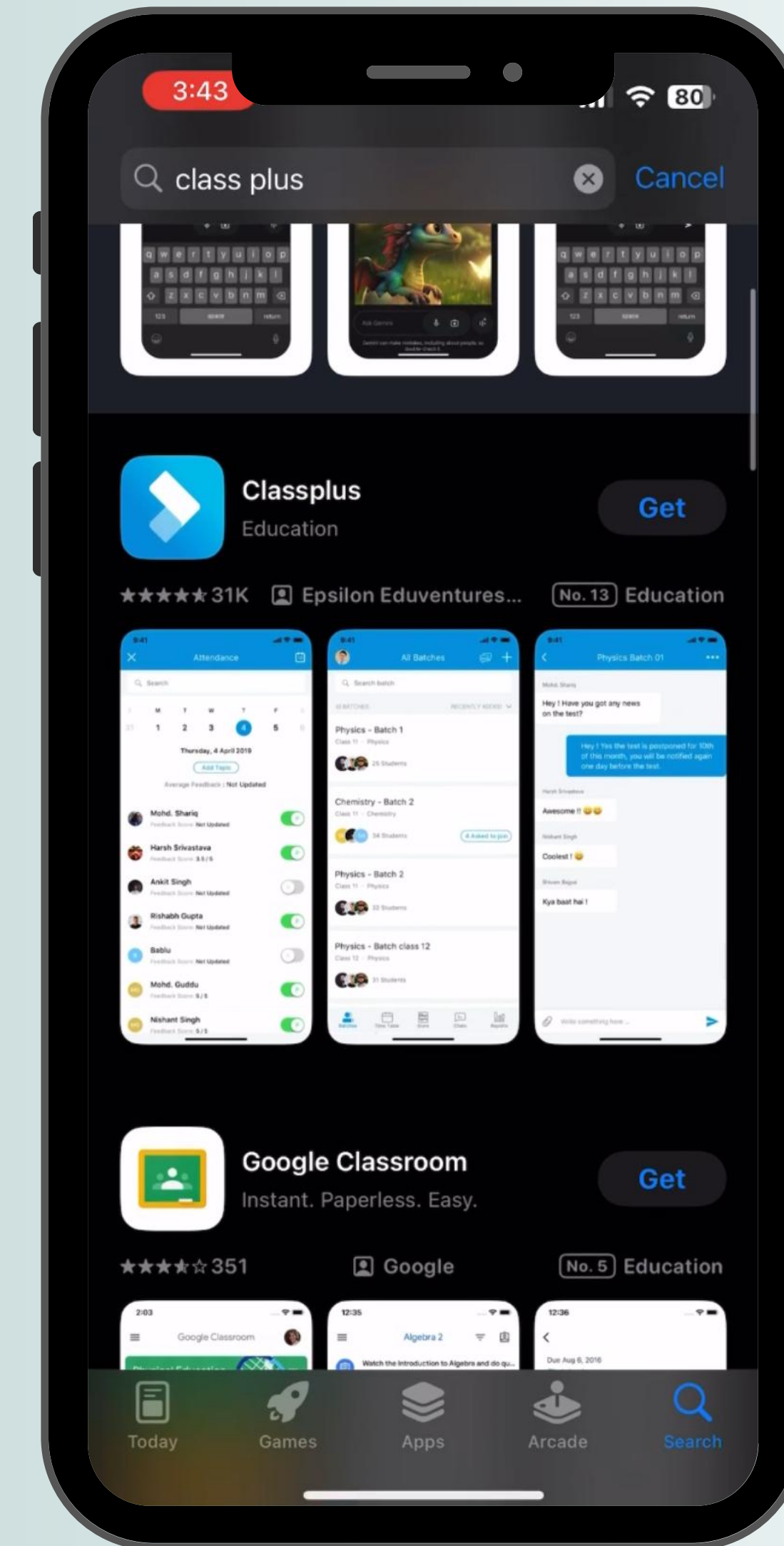
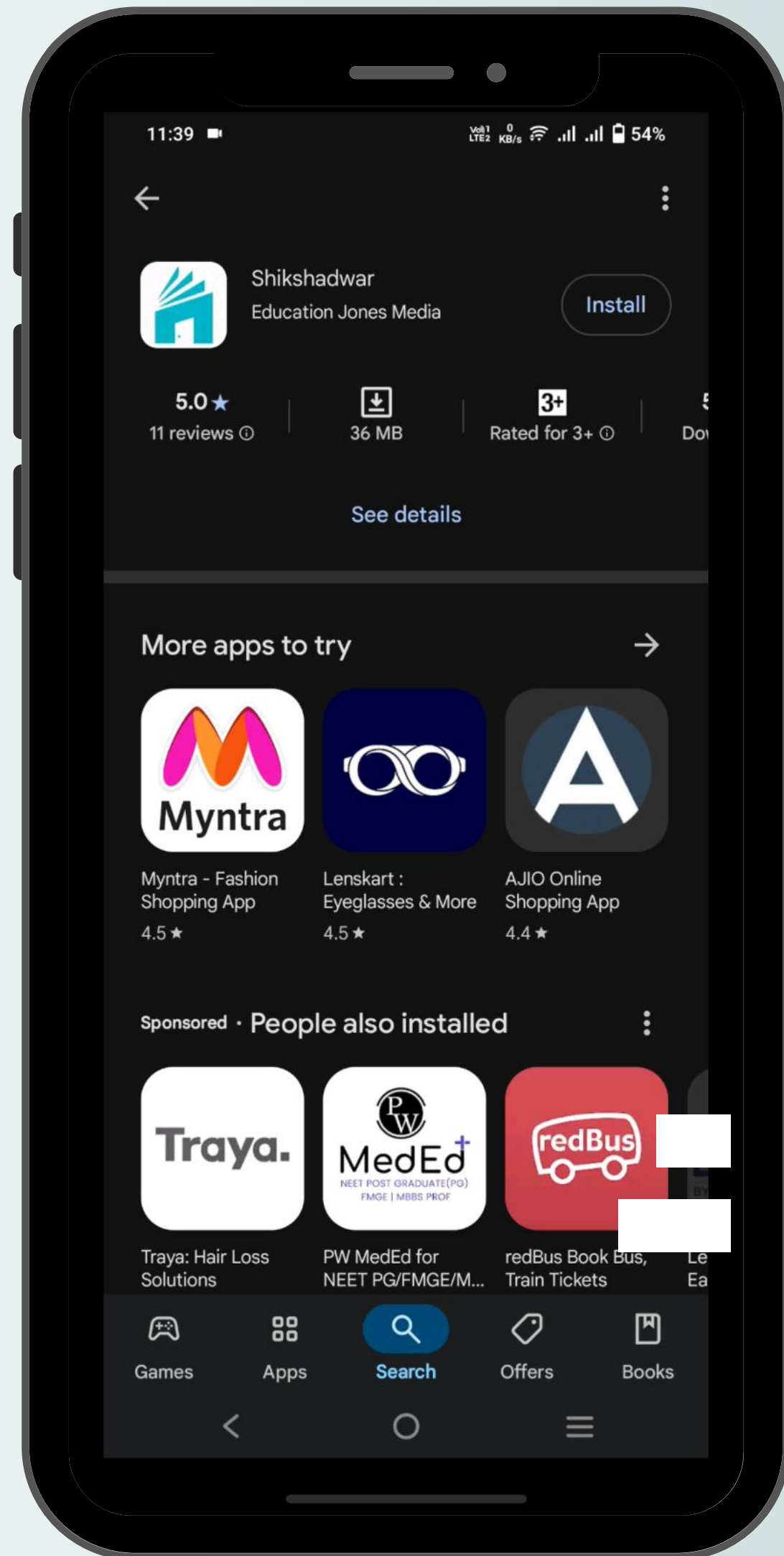
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CA INTERMEDIATE MAY 25

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Amendments Ki Pathshala

20 -20 Series

CA INTERMEDIATE MAY 25

Marathons Schedule With Links

DATE	TIME	EDUCATOR	SUBJECT	TOPICS	YOUTUBE LINK
17/4/2025	8.00 AM	CA ADARSH JOSHI	LAW	RRR	
18/4/2025	12.00 NOON	CA TUSHAR TAPARIA	GST	RRR	
19/4/2025	8.00 AM	CA CS DARSHAN JAIN	FM	RRR	
20/4/2025	8.00 AM	CA ADARSH JOSHI	LAW	ONE SHOT MCQ MARATHON	
21/4/2025	2.00 PM	CA TUSHAR TAPARIA	GST	GST AMENDMENTS & ITS IMPORTANT QUESTIONS	
23/4/2025	8.00 AM	CA CS DARSHAN JAIN	FM	ONE SHOT MCQ MARATHON	

DATE	TIME	EDUCATOR	SUBJECT	TOPICS	YOUTUBE LINK
24/4/2025	2.00 PM	CA TUSHAR TAPARIA	DT	DT AMENDMENTS & ITS IMPORTANT QUESTIONS	
27/4/2025	8.00 AM	CA CS DARSHAN JAIN	SM	ONE SHOT MCQ MARATHON	
4/5/2025	8.00 AM	CA ADARSH JOSHI	LAW	MOST IMPORTANT QUESTIONS	
6/5/2025	3.00 PM	CA TUSHAR TAPARIA	TAXATION	20-20	
12/5/2025	8.00 AM	CA CS DARSHAN JAIN	FM	20-20	
13/5/2025	8.00 AM	CA CS DARSHAN JAIN	SM	SUPER CHART REVISION	

STRATEGIC ANALYSIS

-

EXTERNAL ENVIRONMENT

(SM,PYP,RTP,MTP)

Case Scenario Based Qs.

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QUE 1 (SM)

Baby Turtle is a children's clothing brand that has been created a new age demand for washable diapers. The major benefit for the brand has been that not many companies have shown interest in the product, thinking it is not viable, however, customers, majorly working mothers are loving their product. The core material needed for production is also used in many other water proofing products in various industries. Baby Turtle sources this material from a renowned supplier at comparatively low prices. Which of the five forces of competitive pressure would Baby Turtle experience due to above setup and what are major factors that create such pressure for a product? Do you think Baby Turtle an advantage in some way to fight off this pressure?

ANSWER:

1. Baby Turtle would experience, **Bargaining Power of Suppliers**, as a competitive pressure for their washable diaper product. This is because the core material for production is sourced from a single supplier, who is renowned and in a position to create pressure in terms of prices.
2. Further, other factors that lead to such pressure are:
 - i. Their products are crucial to the buyer and substitutes to the material required for production are not available.
 - ii. Suppliers can manipulate switching cost as the brand is in inception stage and making margins are important.
3. An advantage that Baby Turtle has is even though the material required has no substitutes but it used to make many other products and thus there are many other suppliers who can provide that material. It might affect operations in short term but will help to fight off the pressure created by existing supplier.

QUE 2 (SM/RTP M20)

Eco-carry bags Ltd., a recyclable plastic bags manufacturing and trading company has seen a potential in the ever-growing awareness around hazards of plastics and the positive outlook of the society towards recycling and reusing plastics.

A major concern for Eco-carry bags Ltd. are paper bags and old cloth bags. Even though they are costlier than recyclable plastic bags, irrespective, they are being welcomed positively by the consumers.

Identify and explain that competition from paper bags and old cloth bags fall under which category of Porter's Five Forces Model for Competitive Analysis?

ANSWER:

1. Eco-carry bags Ltd. faces competition from paper bags and old cloth bags and falls under Threat of Substitutes force categories in Porter's Five Forces Model for Competitive Analysis.
2. Paper and cloth bags are substitutes of recyclable plastic bags as they perform the same function as plastic bags.
3. Substitute products are a latent source of competition in an industry. In many cases, they become a major constituent of competition.
4. Substitute products offering a price advantage and/or performance improvement to the consumer can drastically alter the competitive character of an industry.

QUE 3

(PYP MAY 19/PYP JULY 21/PYP NOV 23/MTP MAY 24 S2/
SM/MTP MAY 19 S1/MTP NOV 22 S1/RTP MAY 18))

Riya Sharma owns a confectionery business in Jaipur, specializing in homemade chocolates and candies. Despite holding a substantial market share in the central region, her business has experienced declining sales of these products over the last few years. Concerned about the market dynamics, Riya consults a management expert for guidance. The consultant recommends a comprehensive understanding of the competitive landscape.

Explain the steps to be followed by Riya Sharma to understand the competitive landscape to address the sales decline.

Or

Mr. LMN has established a successful venture in the textiles sector in Maharashtra. His enterprise specializes in crafting unique and high-quality home furnishings, which have garnered significant market presence. However, there was a sales dip in the previous year. Seeking professional advice, Mr. LMN consulted a strategic management expert who suggested his first course of action should be to grasp the dynamics of the competitive landscape.

In order to comprehend the competitive landscape, what steps should Mr. LMN follow? What do you understand by 'Competitive Landscape'? What are steps to understand the competitive landscape?

Or

"Understanding the competitive landscape is important to build upon a competitive advantage". Explain.

Or

Suresh Singhania is the owner of an Agri-based private company in Sangrur, Punjab. His unit is producing puree, ketchups and sauces. While its products have significant market share in the northern part of country, the sales are on decline in last couple of years. He seeks help of a management expert who advises him to first understand the competitive landscape.

Explain the steps to be followed by Suresh Singhania to understand competitive landscape.

Or

Dinesh Yadav is the owner of a beverage-based private company in Sonipat, Haryana. His unit is producing fruit juices, cold drinks, soda and lime. While its products have significant market share in the northern part of country, the sales are on decline in last couple of years. He seeks help of a management expert who advises him to first understand the competitive landscape.

Explain the steps to be followed by Dinesh Yadav to understand competitive landscape.

Or

What do you understand by 'Competitive Landscape'? What are steps to understand the competitive landscape?

Answer -

1. Competitive landscape is a business analysis which identifies competitors, either direct or indirect. Competitive landscape is about identifying and understanding the competitors and at the same time, it permits the comprehension of their vision, mission, core values, niche market, strengths and weaknesses.
2. An in-depth investigation and analysis of a firm's competition allows it to **assess the competitors' strengths and weaknesses** in the marketplace and helps it to **choose and implement effective strategies** that will improve its competitive advantage.

3. Steps to understand the competitive landscape are as follows:

I. Identify the competitor:

The first step to understanding the competitive landscape is to identify the competitors in the firm's industry and have actual data about their respective market share.

II. Understand the competitors:

Once the competitors have been identified, the strategist can use market research report, internet, newspapers, social media, industry reports, and various other sources to understand the products and services offered by them in different markets.

III. Determine the strengths of the competitors:

What is the strength of the competitors? What do they do well? Do they offer great products? Do they utilize marketing in a way that comparatively reaches out to more consumers. Why do customers give them their business?

IV. Determine the weaknesses of the competitors:

Weaknesses (and strengths) can be identified by going through consumer reports and reviews appearing in various media. After all, consumers are often willing to give their opinions, especially when the products or services are either great or very poor.

V. Put all of the information together:

At this stage, the strategist should put together all information about competitors and draw inference about what they are not offering and what the firm can do to fill in the gaps. The strategist can also know the areas which need to be strengthened by the firm.

QUE 4 (RTP MAY 21)

ABC Ltd. manufactures and sells air purifier 'Fresh Breath'. The 'Fresh Breath' has seen sales growth of around 1% for the last two years, after strong growth in the previous five years. This is due to new products entering the market in competition with the 'Fresh Breath'. ABC Ltd. is therefore considering cutting its prices to be in line with its major rivals with a hope to maintain the market share. Market research indicates that this will now cause a significant increase in the level of sales, even though in previous years price cuts have had little effect on demand. ABC Ltd. is also planning to launch a promotional campaign to highlight the benefits of the 'Fresh Breath' against its rival products.

Identify and explain the stage of the product life cycle in which 'Fresh Breath' falls.

ANSWER:

1. Product Life Cycle is a useful concept for guiding strategic choice.
2. PLC is an S-shaped curve which exhibits the relationship of sales with respect of time for a product that passes through the four successive stages of introduction (slow sales growth), growth (rapid market acceptance) maturity (slowdown in growth rate) and decline (sharp downward drift).
3. The product 'Fresh Breath' of ABC Ltd. falls under **Maturity stage** of product life cycle.
4. In this stage, the competition gets tough and market gets stabilised. Profit comes down because of stiff competition. At this stage, ABC Ltd. have to work for maintaining stability by cutting the prices to be in line with its major rivals with a hope to maintain the market share and by launching a promotional campaign to highlight the benefits of the 'Fresh Breath' against its rival products.

QUE 5 (RTP MAY 19/RTP MAY 23)

Rahul Sharma is Managing Director of a company which is manufacturing trucks. He is worried about the entry of new businesses. What kind of barriers will help Rahul against such a threat?

Or

What are the common barriers that are faced by new entrants when an existing firm earns higher profits?

ANSWER:

A firm's profitability tends to be higher when other firms are blocked from entering the industry. New entrants can reduce industry profitability because they add new production capacity leading to increase supply of the product even at a lower price and can substantially erode existing firm's market share position. Barriers to entry represent economic forces that slow down or impede entry by other firms.

Common barriers to entry include:

- i. **Capital Requirements:** When a large amount of capital is required to enter an industry, firms lacking funds are effectively barred from the industry, thus enhancing the profitability of existing firms in the industry.
- ii. **Economies of Scale:** Many industries are characterized by economic activities driven by economies of scale. Economies of scale refer to the decline in the per-unit cost of production (or other activity) as volume grows.
- iii. **Product Differentiation:** Product differentiation refers to the physical or perceptual differences, or enhancements, that make a product special or unique in the eyes of customers.
- iv. **Switching Costs:** To succeed in an industry, new entrant must be able to persuade existing customers of other companies to switch to its products. When such switching costs are high, buyers are often reluctant to change.
- v. **Brand Identity:** The brand identity of products or services offered by existing firms can serve as another entry barrier. Brand identity is particularly important for infrequently purchased products that carry a high unit cost to the buyer.
- vi. **Access to Distribution Channels:** The unavailability of distribution channels for new entrants poses another significant entry barrier. Despite the growing power of the internet, many firms may continue to rely on their control of physical distribution channels to sustain a barrier to entry to rivals.
- vii. **Possibility of Aggressive Retaliation:** Sometimes the mere threat of aggressive retaliation by incumbents can deter entry by other firms into an existing industry.

QUE 6 (RTP NOV 23)

Easy Access is a marketing services company providing consultancy to a range of business clients. Easy Access and its rivals have managed to persuade the Government to require all marketing services companies to complete a time-consuming and bureaucratic registration process and to comply with an industry code of conduct. Do you think that by doing this Easy Access and its rivals has an advantage in some way to fight off competitors? Explain.

ANSWER:

1. Yes, Easy Access and its rivals get advantage by this move.
2. The new bureaucratic process is making it more complicated for organizations to start up and enter in Easy Access market, increasing barriers to entry and thereby reducing the threat of new entrants.
3. New entrants can reduce an industry's profitability, because they add new production capacity, leading to increase in supply of the product, sometimes even at a lower price and can substantially erode existing firm's market share position.
4. However, New entrants are always a powerful source of competition. The new capacity and product range they bring in throws up a new competitive pressure. The bigger the new entrant, the more severe the competitive effect. New entrants also place a limit on prices and affect the profitability of existing players, which is known as Price War.

QUE 7 (RTP NOV 23)

A company has recently launched a new product in the market. Initially, it faced slow sales growth, limited markets, and high prices. However, over time, the demand for the product expanded rapidly, prices fell, and competition increased. Identify the stages of the product life cycle (PLC) that the company went through.

Answer -

The company went through the following stages of the product life cycle (PLC):

1. Introduction stage:

Initially, the company faced slow sales growth, limited markets, and high prices, which are characteristic of the introduction stage. During this stage, competition is almost negligible, and customers have limited knowledge about the product.

2. Growth stage:

Over time, the demand for the product expanded rapidly, prices fell, and competition increased. These are typical features of the growth stage in the PLC. In this stage, the product gains market acceptance, and customers become more aware of the product's benefits and show interest in purchasing it.

QUE 8 (RTP NOV 22/MTP NOV 23 S2)

Rajiv Arya is owner of an electrical appliance company that specializes in manufacturing of domestic vacuum cleaners. There are four other manufacturers with similar products and sales volume. Current rival firms also own a number of patents related to the product. The supplier base for procurement of raw material is also very large as there are multiple suppliers. Identify Porter's Five Forces that may be classified as significant for the company? Explain.

ANSWER:

- 1. Rival Sellers** - The competitive rivalry will be a significant force in case of company of Rajiv Arya as all the rivals are similar in sizes and are manufacturing similar products. It is difficult for any single manufacturer to dominate the market. Thus The Competitive Pressure Shall be high
- 2. Threat of New Entrants** - Large number of patents will make it difficult for new entrants to break into the market. It Will act as barrier To Entry For New players. Thus The Competitive Pressure Shall be Low
- 3. Threat of Substitutes** - There is no information relating to substitutes in the information given in scenario. However, a domestic vacuum cleaner will directly compete with other options such as house maids. Availability of house maids at low cost can significantly disturb the sales of products. In Such a Case Competitive Pressure Shall be high.
- 4. Suppliers Bargaining Power** - Further, as there are a large number of small suppliers the power that suppliers can exert will also be low. Thus The Competitive Pressure Shall be Low
- 5. Bargaining Power of Buyers** - Further, as there are 4 others manufacturers with similar products and sales volume , customers can easily shift from one company to another. This will only enhance competitive rivalry & Thus The Competitive Pressure Shall be High.

QUE 9 (RTP NOV 22)

A startup company is thinking of launching of a low-cost detergent powder in the market. The market of the said product is already dominated by a big FMCG player. You are advised to put forward your suggestions to the management of the company to deal with the problems of 'Entry 'Barrier' while launching the low-cost detergent powder.

ANSWER:

There are number of factors that can act as entry barrier for the start -up company. An FMCG, big in size, is already dominating the market space and will act as a strong deterrent for the new start-up.

The following will be some suggestions to the management of the start-up to deal with the problem of entry barriers:

- i. **Capital Investment** - The start-up needs to have strong financial strength to sustain the onslaught from the dominant FMCG and other players. The start-up can identify sources of capital well in advance and be able to use it judiciously to their advantage.
- ii. **Economies of Scale** - The Company should work on getting economies of scale by producing & selling In Huge Quantity
- iii. **Product Differentiation** - The company is working on producing low-cost detergent. This can be Differentiating feature of product. Keeping other expenses also on the lower side the management can create price advantage that is competitive to the existing established players including the large FMCG.
- iv. **Switching Cost of Buyer** - The start-up should identify the customer segments that are likely to switch to the product well in advance so as to target the same and generate the initial hold on the market. .
- v. **Brand Identity** - Once the product gets some hold and their brands get some identity, the market can be further developed to address other customers.
- vi. **Access to Distribution Channel** - The Company Should have Access to as many distribution channels possible.
- vii. **Possibility of aggressive retaliation** - Since the company is already producing Low Cost products aggressive retaliation from existing players can be avoided

QUE 10 (MTP MAY 23)

Pulkit was very confident about cloud kitchen business model, and he bought three real estate spaces in very hideous localities. Later due to government and court orders the cloud kitchens had to be only operated in a well-ventilated space, which made his investment redundant. What aspect of industry competition is Pulkit currently faced as a result of this situation?

ANSWER:

1. Pulkit may be facing exit barriers due to his investment in the real estate spaces.
2. Exit barriers are factors that make it difficult for a company to exit a particular market or industry. In this case, Pulkit's investment in the real estate spaces may make it difficult for him to exit the cloud kitchen industry or switch to a different business model.
3. If Pulkit is unable to find new spaces or make the necessary renovations, he may be forced to continue operating in the hideous localities, which may impact his brand image and customer experience. This can create an exit barrier for Pulkit as it may be difficult for him to turn to a different business model or exit the industry entirely.
4. Additionally, Pulkit may have incurred significant sunk costs in the purchase and renovation of the real estate spaces, which can create a further exit barrier. Sunk costs refer to costs that have already been incurred and cannot be recovered. If Pulkit has invested a significant amount of money in the real estate spaces, he may be hesitant to exit the industry or switch to a different business model as it may mean that he has to write off the sunk costs.
5. Therefore, Pulkit may be facing exit barriers due to his investment in the real estate spaces, which may make it difficult for him to adapt to the new requirements or exit the industry entirely.

QUE 11 (MTP MAY 24 S1)

You are a strategic manager for a tech company launching a new smartphone model. The company wants to target tech-savvy consumers who value innovation and cutting-edge technology. Using the concept of customer behavior, develop a marketing strategy to promote the new smartphone.

Answer -

To target tech-savvy consumers for the new smartphone model, the tech company can develop a marketing strategy based on customer behavior. Consumer behavior may be influenced by a number of things.

These elements can be categorized into the following conceptual domains:

1. **External Influences:** Utilize online platforms and tech forums to generate buzz around the new smartphone. Partner with tech influencers and bloggers to review the product and create awareness among tech-savvy consumers.
2. **Internal Influences:** Appeal to the desire for innovation and advanced features among tech-savvy consumers. Highlight the unique selling points of the new smartphone, such as its cutting-edge technology, performance, and design.
3. **Decision Making:** Recognize that tech-savvy consumers are early adopters who value functionality and performance. Provide detailed specifications and comparisons with other smartphones to help them make an informed decision.
4. **Post-decision Processes:** Offer excellent customer service and support to address any technical issues or concerns. Encourage customers to provide feedback and reviews to build credibility and trust among tech-savvy consumers.

By understanding the behavior of tech-savvy consumers and aligning the marketing strategy with their preferences, the tech company can effectively promote the new smartphone and attract this demographic.

QUE 12 (MTP MAY 24 S1)

ABC Corp, a multinational consumer electronics company, is planning to expand its operations into a new country. The company's senior management is evaluating the potential risks and opportunities of entering this new market. As part of their analysis, they decide to use the PESTLE framework to assess the external factors that could impact their decision. How can the PESTLE framework help ABC Corp assess the external factors affecting its decision to expand into a new country?

Answer -

The PESTLE framework can help ABC Corp assess the external factors affecting its decision to expand into a new country by considering the following aspects:

1. Political Factors:

These include the stability of the government, government policies on foreign investment, trade agreements, and regulatory frameworks. By analyzing these factors, ABC Corp can assess the political risks associated with entering the new market.

2. Economic Factors:

Economic factors such as GDP growth rate, inflation rate, exchange rates, and economic stability can impact ABC Corp's decision. By analyzing these factors, the company can understand the economic environment of the new market and its potential impact on business operations.

3. Social Factors:

Social factors such as cultural norms, demographics, and lifestyle trends can influence consumer behavior and demand for ABC Corp's products. Understanding these factors can help the company tailor its marketing strategies to the new market.

4. Technological Factors:

Technological factors such as infrastructure, technological advancements, and the level of technology adoption in the new market can impact ABC Corp's operations. By assessing these factors, the company can determine the technological requirements for entering the new market.

5. Legal Factors:

Legal factors such as laws and regulations related to foreign investment, intellectual property rights, and labor laws can impact ABC Corp's decision. By analyzing these factors, the company can ensure compliance with legal requirements in the new market.

6. Environmental Factors:

Environmental factors such as climate change, environmental regulations, and sustainability practices can impact ABC Corp's operations and reputation. By considering these factors, the company can assess the environmental risks and opportunities in the new market.

Overall, the PESTLE framework can provide ABC Corp with a comprehensive analysis of the external factors that could impact its decision to expand into a new country, helping the company make informed and strategic decisions.

QUE 13 (MTP MAY 24 S2)

GreenThrift Inc., a sustainable clothing retailer, is experiencing a surge in popularity due to the growing awareness of environmental issues among consumers. The company specializes in selling second-hand clothing and upcycled garments, offering an eco-friendly alternative to traditional fast fashion. A major concern for GreenThrift Inc. is the emergence of new sustainable fashion brands in the market. These brands focus on using organic and recycled materials, as well as ethical manufacturing practices, which align with the values of environmentally conscious consumers.

Identify and explain that competition from new sustainable fashion brands falls under which category of Porter's Five Forces Model for Competitive Analysis?

Answer -

1. Competition from new sustainable fashion brands falls under the "Threat of New Entrants" category of Porter's Five Forces Model for Competitive Analysis.
2. These new entrants pose a threat to existing sustainable clothing retailers like *GreenThrift Inc.* by increasing competition and potentially eroding market share.
3. The emergence of these brands, focusing on using organic and recycled materials along with ethical manufacturing practices, aligns with the values of environmentally conscious consumers, making them strong competitors in the sustainable fashion market.

QUE 14 (PYP MAY 24/MTP MAY 24 S2)

Reshuffle Corp is a company that manufactures and sells office furniture. They offer a range of products, from desks and chairs to cabinets and shelves. Recently, the company has been facing increased competition from online retailers offering similar products at lower prices. Analyzing the characteristics of products in the furniture industry, discuss how Reshuffle Corp can differentiate its products to maintain a competitive edge in the market.

Or

What are the key characteristics of business products that contribute to the overall competitiveness and dynamics of the market?

Answer -

To maintain a competitive edge in the face of increased competition, *Reshuffle Corp* can differentiate its products in several ways:

1. Tangible and Intangible Aspects:

Reshuffle Corp can focus on the tangible aspects of its products, such as using high-quality materials and innovative designs to create furniture that is both functional and aesthetically pleasing. Additionally, they can emphasize the intangible aspects of their products, such as excellent customer service and a strong brand reputation for reliability and durability.

2. Pricing Strategies:

While market prices are often dictated by competition, *Reshuffle Corp* can work on cost optimization to maintain profitability. They can also consider offering value-added services, such as free installation or extended warranties, to justify a higher price point.

3. Product Features:

By continually optimizing their product features based on customer feedback and market trends, *Reshuffle Corp* can ensure that their products deliver maximum satisfaction to their target customers. This may include features that enhance functionality, design, quality, and overall user experience.

4. Product Centric Approach:

Reshuffle Corp should keep their products at the center of their strategic activities, ensuring that all business processes, from production to sales and marketing, are aligned to meet customer needs and expectations.

5. Product Life Cycle Management:

Reshuffle Corp should be aware of the life cycle of their products and plan for reinvention or replacement accordingly. They can introduce new product lines or upgrade existing ones to keep up with changing customer preferences and market trends.

QUE 15 (MTP MAY 23)

The CEO of ABC Enterprises, Mr. Rasik Mehta, had the idea of creating a fitness shake called Robust, which prompted the company to conduct research and development. The company conducted a market survey and feasibility study, which indicated that the idea was feasible and had potential for profitability. Consequently, the product was manufactured, marketed, and launched, which led to its success. As a result, the production of Robust grew, and it became widely available. However, with time, the demand for the product decreased, leading to its obsolescence. Identify and explain the concept highlighted in the above case?

ANSWER:

The case highlights the concept of Product Life Cycle (PLC), which outlines the various stages a product goes through, including introduction, growth, maturity and decline. Successful businesses must adapt their strategies to each stage to remain profitable.

PLC is a useful concept for guiding strategic choice. Essentially, PLC is S-shaped curve which exhibits the relationship of sales with respect of time for a product that passes through the four successive stages of introduction (slow sales growth), growth (rapid market acceptance) maturity (slowdown in growth rate) and decline (sharp downward drift).

The first stage of PLC is the introduction stage in which competition is almost negligible, prices are relatively high, and markets are limited. The growth in sales is at a lower rate because of lack of knowledge on the part of customers.

The second stage of PLC is growth stage. In the growth stage, the demand expands rapidly, prices fall, competition increases, and market expands. The customer has knowledge about the product and shows interest in purchasing it.

The third stage of PLC is maturity stage. In this stage, the competition gets tough, and market gets stabilised. Profit comes down because of stiff competition. At this stage organisations may work for maintaining stability.

The fourth stage of PLC is declining stage in which the sales and profits fall down sharply due to some new product replaces the existing product. So, a combination of strategies can be implemented to stay in the market either by diversification or retrenchment.

Descriptive Qs.

(SM, PYP, RTP, MTP)

QUE 16

(SM/PYP MAY 18/RTP NOV 18/MTP MAY 19 S1/RTP MAY 21/RTP MAY 22/PYP NOV 23)

What are the five competitive forces in an industry as identified by Michael Porter?

Or

Competitive pressures operate as a composite in five areas of the overall market. Elaborate.

Or

Explain Porter's five forces model as to how businesses can deal with the competition.

ANSWER:

Five forces model of Michael Porter is a powerful and widely used tool for systematically diagnosing the significant competitive pressures in the market and assessing their strength and importance. The model holds that the state of competition in an industry is a composite of competitive pressures operating in five areas of the overall market.

These five forces are:

- 1) **Rivalry among current players:** The rivalry among existing players is quite obvious. This is what is normally understood as competition. For any player, the competitors influence strategic decisions at different strategic levels. The impact is evident more at functional level in the prices being charged, advertising, and pressures on costs, product and so on.
- 2) **Threat of new entrants:** New entrants are always a powerful source of competition. The new capacity and product range they bring in throw up new competitive pressure. And the bigger the new entrant, the more severe the competitive effect. New entrants also place a limit on prices and affect the profitability of existing players.
- 3) **Threats from substitutes:** Substitute products are a latent source of competition in an industry. In many cases they become a major constituent of competition. Substitute products offering a price advantage and/or performance improvement to the consumer can drastically alter the competitive character of an industry. And they can bring it about all of a sudden. For example, coir suffered at the hands of synthetic fibre. Wherever substantial investment in R&D is taking place, threats from substitute products can be expected. Substitutes too usually limit the prices and profits in an industry.

4. **Bargaining power of customers:** This is another force that influences the competitive condition of the industry. This force will become heavier depending on the possibilities of the buyers forming groups or cartels. Mostly, this is a phenomenon seen in industrial products. Quite often, users of industrial products come together formally or informally and exert pressure on the producer. The bargaining power of the buyers influences not only the prices that the producer can charge but also influences in many cases, costs and investments of the producer because powerful buyers usually bargain for better services which involve costs and investment on the part of the producer.
5. **Bargaining power of suppliers:** Quite often suppliers, too, exercise considerable bargaining power over companies. The more specialised the offering from the supplier, greater is his clout. And, if the suppliers are also limited in number, they stand a still better chance to exhibit their bargaining power. The bargaining power of suppliers determines the cost of raw materials and other inputs of the industry and, therefore, industry attractiveness and profitability.

The collective strength of five forces together determine industry attractiveness/profitability. This is so because these forces influence the causes that underlie industry attractiveness/ profitability.

QUE 17

(SM/RTP MAY 18/MTP MAY 18 S1/MTP NOV 20 S1/RTP MAY 24)

Explain the concept of Experience Curve and highlight its relevance in strategic management.

ANSWER:

1. Experience curve is based on the commonly observed phenomenon that unit costs decline as a firm accumulates experience in terms of a cumulative volume of production.
2. The implication is that larger firms in an industry would tend to have lower unit costs as compared to those for smaller companies, thereby gaining a competitive cost advantage.
3. Experience curve results from a variety of factors such as learning effects, economies of scale, product redesign and technological improvements in production.
4. Experience curve has following features:
 - a. As business organisation grow, they gain experience.
 - b. Experience may provide an advantage over the competition. Experience is a key barrier to entry.
 - c. Large and successful organisation possess stronger "experience effect".
 - d. As a business grows, it understands the complexities and benefits from its experiences.
5. The concept of experience curve is relevant for a number of areas in strategic management. For instance, experience curve is considered a barrier for new firms contemplating entry in an industry & It is also used to build market share and discourage competition.

QUE 18 (SM/MTP MAY 22)

Write a short note on Product Life Cycle (PLC) and its significance in portfolio diagnosis.

ANSWER:

Product Life Cycle is an important concept in strategic choice and S-shaped curve which exhibits the relationship of sales with respect of time for a product that passes through the four successive stages.

The first stage of PLC is the introduction stage in which competition is almost negligible, prices are relatively high and markets are limited. The growth in sales is also at a lower rate because of lack of knowledge on the part of customers.

The second stage of PLC is the growth stage, in which the demand expands rapidly, prices fall, competition increases and market expands. The customer has knowledge about the product and shows interest in purchasing it.

The third stage of PLC is the maturity stage, where in the competition gets tough and market gets stabilized. Profit comes down because of stiff competition. At this stage, organisation may work for maintaining stability.

The fourth stage is the declining stage of PLC, in which the sales and profits fall down sharply due to some new product replaces the existing product.

Significance of PLC

1. The main advantage of PLC is that it can be used to diagnose a portfolio of products (or businesses) in order to establish the stage at which each of them exists. Particular attention is to be paid on the businesses that are in the declining stage.
2. Depending on the diagnosis, appropriate strategic choice can be made. For instance, expansion may be a feasible alternative for businesses in the introductory and growth stages.
3. Mature businesses may be used as sources of cash for investment in other businesses which need resources.
4. A combination of strategies like selective harvesting, retrenchment, etc. may be adopted for declining businesses. In this way, a balanced portfolio of businesses may be built up by exercising a strategic choice based on the PLC concept.

QUE 19 (PYP NOV 18/RTP NOV 18/MTP MAY 21 S1)

Examine the significance of KSFs (Key Success Factors) for competitive success.

ANSWER:

1. An industry's Key Success Factors (KSFs) are those things that most affect industry members' ability to prosper in the marketplace - the particular strategy elements, product attributes, resources, competencies, competitive capabilities, and business outcomes that spell the difference between profit and loss and, ultimately, between competitive success or failure.
2. Key success factors are the prerequisites for industry success or, to put it another way, KSFs are the factors that shape whether a company will be financially and competitively successful.
3. An organisation with perceptive understanding of industry KSFs can gain sustainable competitive advantage by training its strategy on industry KSFs and devoting its energies to being distinctively better than rivals on one or more of these factors.
4. Business organisations that stand out on a particular KSF enjoy a stronger market position for their, efforts-being distinctively better than rivals on one or more key success factors presents a golden opportunity for gaining competitive advantage.
5. Using the industry's KSFs as cornerstones for the company's strategy and trying to gain sustainable competitive advantage by excelling at one particular KSF is a fruitful competitive strategy approach.
6. Key success factors vary from industry to industry and even from time to time within the same industry as driving forces and competitive conditions change.

QUE 20 (PYP NOV 20)

Why companies should go global? Mention any five reasons.

ANSWER:

There are several reasons why companies go global. These are discussed as follows:

1. The first and foremost reason is the **need to grow**. It is basic need of every organisation. Often finding opportunities in the other parts of the globe, organisations extend their businesses and globalise their operations.
2. There is **rapid shrinking of time and distance** across the globe, because of faster communication, speedier transportation, growing financial flow of funds and rapid technological changes.
3. It is being realised that the **domestic markets are no longer adequate**. The competition present domestically may not exist in some of the international markets.
4. There can be varied other reasons such as need for **reliable or cheaper source of raw-materials, cheap labour, etc.** Many foreign businesses shift and set up some of their operations to take advantage of availability of vast pool of talent.
5. Companies often set up overseas plants to **reduce high transportation costs**. It may be cheaper to produce near the market to reduce the time and costs involved in transportation.
6. When exporting organisations find **Opportunity in foreign markets** to open up or grow big, they may naturally look at overseas manufacturing plants and sales branches to generate higher sales and better cash flow.
7. The **rise of service oriented jobs** has created a huge market due to globalization.
8. The **trade tariffs and custom barriers are getting lowered**, resulting in increased flow of business.

QUE 21 (PYP NOV 19/PYP DEC 21)

Discuss in what conditions rivalry among competitors tends to be cut-throat and profitability of the industry goes down.

Or

What are the factors that determine the nature of rivalry in an Industry?

ANSWER:

The intensity of rivalry in an industry is a significant determinant of industry attractiveness and profitability. The intensity of rivalry can influence the costs of suppliers, distribution, and of attracting customers and thus directly affect the profitability. The more intensive the rivalry, the less attractive is the industry.

Rivalry among competitors tends to be cutthroat and industry profitability low when -

- i. An industry has no clear leader. Therefore, continuous war for leadership.
- ii. Competitors in the industry are numerous.
- iii. Competitors operate with high fixed costs. Thus, aiming for better Return on Investment with more fierce tactics.
- iv. Competitors face high exit barriers, and therefore, continue to fight for market share.
- v. Competitors have little opportunity to differentiate their offerings.
- vi. The industry faces slow or diminished growth.

QUE 22 (PYP JULY 21)

There are many companies in the market offering COVID vaccine. Analyse the product in terms of threat of new entrants.

ANSWER:

1. There are three companies offering a vaccine for COVID-19 in India and a fourth company is awaiting approval from authorities.
2. This product involves huge capital requirements and hence not every existing pharma company is likely to get into the competition.
3. However, once approved for use, the entire world is the target market. This would lead to economies of scale helping the company to recover the investments made.
4. The product differentiation is in terms of the low after effect of the vaccine and the effectiveness of the vaccine in controlling COVID-19. Brand identity is becoming very important with people preferring international brands compared to a home - grown company.
5. Factors like switching cost, access to distribution channels and possibility of aggressive retaliation do not apply at present because governments across the world are controlling these factors and the vaccine has not entered the phase of free competition.

QUE 23 (PYP MAY 22)

“The bargaining power of suppliers” determines an industry’s attractiveness and profitability”. Discuss.

ANSWER:

1. Suppliers exercise considerable bargaining power over purchasing companies. The more specialised the offering from the supplier, greater may be its clout. Further, when the suppliers are limited in number, they may openly exhibit their bargaining power.
2. The bargaining power of suppliers determines the cost of raw materials and other inputs of the industry, and therefore, an industry's attractiveness and profitability.
3. Suppliers can influence the profitability of an industry in a number of ways. Suppliers can command bargaining power over a firm when -
 - i. Their products are crucial to the buyer and substitutes are not available.
 - ii. They can erect/ensure high switching costs.
 - iii. They are more concentrated than their buyers. Less suppliers, more buyers.

QUE 24 (PYP MAY 24)

Yash is planning to launch his new tech start-up. He is exploring different locations across the country to establish his company in the right business environment. One option is the city of Bengaluru, the Silicon Valley of India, with an engaging network of entrepreneurs, investors, advisors and mentors. Coupled with various subsidies for new ventures and tax benefits, Bengaluru might be an ideal choice for Yash to establish his company and increase the chances of success.

Define the term Business Environment with respect to the above scenario. Explain the different ways in which the interaction of a business with its environment can be helpful in developing a successful strategy.

The term "business environment" refers to all external factors, influences, or situations that in some way affect business decisions, plans, and operations. Organisational success is determined by its business environment, and even more from its relationship with it.

IMPORTANCE/BENEFITS OF INTERACTION WITH ENVIRONMENT

1. **Determine opportunities and threats:** The interaction between the business and its environment would explain opportunities and threats to the business. It helps to find new needs and wants of the consumers, changes in laws, changes in social behaviours, and tells what new products the competitors are bringing in the market to attract consumers.
2. **Give direction for growth:** The interaction with the environment enables the business to identify the areas for growth and expansion of their activities. Once the business is aware and understands the changes happening around, it can plan and strategise to have successful business
3. **Continuous Learning:** The managers are motivated to continuously update their knowledge, understanding and skills to meet the predicted changes in the realm of business.
4. **Image Building:** Environmental understanding helps the business organizations to improve their image by showing their sensitivity to the environment in which they operate.
5. **Meeting Competition:** It helps the businesses to analyse the competitors' strategies and formulate their own strategies accordingly. The idea is to flourish and beat competition for its products and services.

QUE 25 (PYP NOV 19)

"Industry and competitive analysis begins with an overview of the industry's dominant economic features." Explain and also narrate the factors to be considered in profiling in industry's economic features.

Answer -

Industry is "a group of firms whose products have same and similar attributes such that they compete for the same buyers." Industries differ significantly in their basic character and structure. Industry and competitive analysis begins with an overview of the industry's dominant economic features.

The factors to be considered while profiling an industry's economic features are fairly standard and are given as under:

1. Size and nature of market.
2. Scope of competitive rivalry.
3. Market growth rate and position in the business life.
4. Number of rivals and their relative market share.
5. The number of buyers and their relative sizes.
6. The types of distribution channels used to access consumers.
7. The pace of technological change in both production process innovation and new product introductions.
8. Whether the products and services of rival firms are highly differentiated, weakly differentiated, or essentially identical?

QUE 26 (RTP NOV 19/PYP MAY 23)

Buyers of an industry's products or services can sometimes exert considerable pressure on the company. In the light of the five forces as propagated by Michael Porter, explain this force. Also state as to when this leverage is evident.

ANSWER:

1. Bargaining Power of Buyers is another force that influences the competitive condition of an industry. This force becomes heavier depending on the possibility of buyers forming groups or cartels.
2. The bargaining power of the buyers influences not only the prices that the producer can charge but also influences costs and investments of the producer. This is because powerful buyers usually bargain for better services which involves more investment on the part of the producer.
3. Buyers of an industry's products or services can sometimes exert considerable pressure on existing firms to secure lower prices or better services.
4. This leverage is particularly evident when -
 - i. Buyers have full knowledge of the source(s) of products and their substitutes. Thus, challenging the price being charged by producers.
 - ii. They spend a lot of money on the industry's products i.e. they are big buyers. Thus, in a position to demand favourable terms of contract.
 - iii. The industry's product is not perceived as critical to the buyer's needs and buyers are more concentrated than firms supplying the product. They can easily switch to the substitutes available.

QUE 27 (RTP MAY 18/MTP MAY 23)

Explain briefly the primary activities that are grouped into five main activities under Value chain analysis.

ANSWER:

The primary activities of the organization are grouped into five main areas:

- inbound logistics, operations, outbound logistics, marketing and sales, and service.

- a) Inbound logistics are the activities concerned with receiving, storing and distributing the inputs to the product/service. This includes materials handling, stock control, transport etc.
- b) Operations transform these inputs into the final product or service: machining, packaging, assembly, testing, etc.
- c) Outbound logistics collect, store and distribute the product to customers. For tangible products this would be warehousing, materials handling, transport, etc. In the case of services, it may be more concerned with arrangements for bringing customers to the service, if it is a fixed location (e.g., sports events).
- d) Marketing and sales provide the means whereby consumers/users are made aware of the product/service and are able to purchase it. This would include sales administration, advertising, selling and so on. In public services, communication networks which help users' access a particular service are often important.
- e) Service are all those activities, which enhance or maintain the value of a product/service, such as installation, repair, training and spares.

QUE 28

Analyse the following cases in the context of Michael Porter's Five Forces Model:

- a) A supplier has a large base of customers.
- b) A manufacturer of sports goods has the advantage of economies of large-scale production
- c) Products offered by competitors are almost similar.

ANSWER:

- a) Large base of customers of an organization (supplier) may increase its bargaining power in comparison to the bargaining power of the customer.
- b) The manufacturer of sports goods would be in better position amongst existing competitors since it has advantage of economies of scale. Even the threat of new entrants gets reduced.
- c) Similar products will reduce the bargaining power of the rivals, i.e., competitors, in other words the bargaining power of the customers will be more.

QUE 29

Components of a value chain of an organization.

ANSWER:

1. Value chain analysis is a method of examining each activity in value chain of a business in order to identify areas for improvements. Value Chain Analysis is a assessment of Business's Ability to provide Value for Money products or services.
2. Value chain of a manufacturing organization comprises of **primary** and **supportive** activities.
3. The primary ones are inclusive of inbound logistics, operations, outbound logistics, marketing and sales, and services.
4. The supportive activities relate to procurement, human resource management, technology development and infrastructure.
5. Value chain analysis helps in building and maintaining the long-term competitive position of an organization to sustain value for-money in its products or service. It can be helpful in identifying those activities which the organization must undertake at a threshold level of competence and those which represent the core competences of the organization.

QUE 30

"Management of internal linkages in the value chain could create competitive advantage in a number of ways". Briefly explain.

ANSWER:

The management of internal linkages in the value chain could create competitive advantage in a number of ways:

- a) There may be important linkages between the primary activities. For example, a decision to hold high levels of finished stock might ease production scheduling problems and provide for a faster response time to the customer. However, an assessment needs to be made whether the value added to the customer by this faster response through holding stocks is greater than the added cost.
- b) The management of the linkages between a primary activity and a support activity may be the basis of a core competence. It may be key investments in systems or infrastructure which provides the basis on which the company outperforms competition. Computer-based systems have been exploited in many different types of service organization and have fundamentally transformed the customer experience.
- c) Linkages between different support activities may also be the basis of core competences. For example, the extent to which human resource development is in tune with new technologies has been a key feature in the implementation of new production and office technologies. Many companies have failed to become competent in managing this linkage properly and have lost out competitively

QUE 31 (PYP MAY 18/MTP MAY 18 S1)

Economies of scale discourages new entrants. Comment

The Given statement is Correct

Economies of scale refer to the decline in the per-unit cost of production (or other activity) as volume grows. A large firm that enjoys economies of scale can produce high volumes of goods at successively lower costs. This tends to discourage new entrants.

QUE 32 (RTP MAY 18)

Substitutes can also exert significant competitive pressures. Comment

The Given statement is Correct

According to porter's five forces model, one of the force that can influence industry profitability is the availability of substitutes for an industry's product. Substitute Products offering a price advantage and/or performance improvement to the Consumer can significantly affect the competitive character of an industry.

QUE 33

Porter's five sources model considers new entrants as a significant source of competition. Comment

The Given statement is Correct

Porter's five forces model considers new entrants as major source of competition. The new capacity and product range that the new entrants bring in throw up new competitive pressure. The bigger the new entrant, the more severe the competitive effect. New entrants also place a limit on prices and affect the profitability of existing players.

QUE 34 (PYP MAY 24)

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- 3. Continuous Learning:** The managers are motivated to continuously update their knowledge, understanding and skills to meet the predicted changes in the realm of business.

4. **Image Building:** Environmental understanding helps the business organizations to improve their image by showing their sensitivity to the environment in which they operate.

For example, in view of the shortage of power, many companies have set up captive power plants with their factories to meet their own requirement of power as well as extend surplus capacities in the vicinity. Understanding the needs of the environment help to showcase that the business is aware and responsive to the needs. It creates a positive image and helps it to prosper and win over the competitors.

5. **Meeting Competition:** It helps the businesses to analyse the competitors' strategies and formulate their own strategies accordingly. The idea is to flourish and beat competition for its products and services.