

VPM's
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Programme: PGDM (2019-21)
Second Trimester Examination January 2020

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| Subject | Corporate Strategy | | |
| Roll No. | | Marks | 60 Marks |
| Total No. of Questions | 7 | Duration | 3 Hours |
| Total No. of printed pages | 3 | Date | 02.01.2020 |

Note: Q1 is compulsory and solve any FOUR from the remaining SIX questions.

Q1) CASE

Venicia has been a defining force in ladies high end fashion for 100 years. This world famous Italian brand was originally launched by Carlo and Bianca Venicia in 1908. Their father was a tailor whose business was renowned for fine quality, craftsmanship and discreet design. Today Venicia is still run as a family-owned business with no external shareholders.

Currently there are over 200 owned boutiques worldwide in upscale retail locations, shopping malls and aniparks with flagship stores in Milan, Tokyo, Paris and London where the brand is known for elegant style, exquisite taste and timeless appeal.

Venicia is a trend-setter in the world of high fashion with a wide product range that includes ready-to-wear clothing, fine jewellery and watches, cosmetics and fragrances, shoes, and iconic handbags.

Venicia is acknowledged as a leader in the luxury goods apparel market where high profile celebrities have brought the brand to fame in product-centric advertising campaigns that have had legendary appeal for decades.

Venicia house of fragrance has world renown, with world-class perfumes producing a sophisticated classic range of perfumes for the discerning, again presented with celebrity endorsement. Venicia has signature perfumes, signature clothes and signature handbags and purses, and in the past few years, have produced a new range of signature wallets in association with one of the leading luxury Swiss watchmakers.

Recent additions to these collections have also included eyewear, small luggage items and new range of ladies accessories. Innovation and creative design continues as world-famous Italian fashion designs are employed to drive sales and support eight manufacturing plants in Italy where quality combines with high levels of disposable income and where the brand has become 'collectable' over seasons. Typically there are two main seasons per year, where colour tones play an important role to harmonise with trends in fashion. The colours of black and white remain classic and are always featured in all product ranges aiming at universal appeal.

Even though the fashion industry has characteristic 'sales' in January and July to clear stock, stimulate cash flow and to make room for the new season's collections, Venecia has not followed this practice. Carefully calculated levels of production have enabled sales to become sustainable, and in some world markets are viewed as having scarcity value, especially in markets in Europe when shopping fever occurs during the winter and summer sales periods. Venicia simply moves off the shelves, irrespective of the relatively high price.

The brand and total in-store customer experience remains vibrant, yet exclusive, and most locations limit the number of customers at any one time, especially at peak

shopping hours and seasons. The brand has had strategic investment in the 1950s, 1970s, the 80s and 90s at intervals of approximately seven years; however the formula remains consistent so as not to disturb the fundamental core essence of the Venicia core brand values. Fashion shows, celebrity endorsements, media and film visibility and close fashion–media relations have been a winning formula. The challenge for Venicia is how to evolve and yet remain the same; it is a paradox which has to be managed. This has been achieved by holding stocks of classic (signature) goods. This is across all product ranges and is viewed as core business. In addition, there are seasonal colours, new designs, and new products added and deleted to keep the brand fresh in appeal and contextually relevant to trends and seasons.

At times of periodic heavy investment in the brand, it is known that Venicia have some of the most expensive advertising campaigns in the fashion industry. It is well known that to remain competitive in this high-end retail clothing and apparel sector that there is a need to break with convention from time to time and achieve market visibility, and in so doing reinforce brand identity and emotional appeal.

With a 100-year success story, the concern of the board is: how can we ensure that we will be there for the next fifty years to join the ranks of some of the most famous brands in the world, especially as we may have to move towards a new form of ownership as time goes on?

Venicia view their success as being driven by:

- The family culture of passion, sensitivity, creativity and care for employees, together with a strong sense of value and quality and taking good care of customers.
- Contractual growth remaining stable and growth achieved in profitable sales by production and marketing probably linked to market expansion. In so doing Venicia keeps its place in the top ten of the fashion, apparel and accessories, and fragrances industry.
- Systems that enable the board to have business information at their fingertips with strong information and communications technologies.
- A business cycle of six months keeps the company highly energized, with pressure for innovation where business domain execution cannot be deferred because new product development is an ongoing process.
- A focus upon being efficient within the company and at the same time being effective at the interface with customers and suppliers.
- Rewarding productivity to ensure that all employees share in the sustained success of the business.
- The brand is a way of life, it is loved and lived, 365 days a year.

However, the board considers that they do not have a formularized business strategy, they simply move from season to season; and so they are seeking advice on what it is that they could be doing better in order to preserve the future.

As a consultant with experience in family-oriented business to prepare a report for the board to advise on business strategy for sustainable sales, having spent some time inside the company on some initial groundwork.

Questions

1. What is the rationale of the case?
2. You are required to present to the board a report on the requirements for a more professional approach to business strategy.
2. You are required to advise Venicia on the essentials you consider necessary for sustaining sales in the longer term.

Attempt Any FOUR from the Remaining SIX Questions

Q2) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) Define terms i) Mission ii) Vision iii) Objective of business organization. Write the Vision, Mission, & Objective statement for a Business School.
- b) What is environmental scanning? Explain in detail with examples
- c) Explain the various forms of strategy with an illustration.

Q3) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) Discuss the Porter's five force model of industry analysis with suitable illustration.
- b) How can a strategy be developed for Internet age using Value chain model.
- c) What are the elements of strategy? What are the different types of strategies?

Q4) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) In Business level strategies, Porter's generic theory is very important discuss the difference in strategic approach in cost leadership, differentiation & focus strategy. How does hybrid strategy fit into this structure & can it be successful?
- b) Explain with diagram components of Internal Analysis
- c) What determines whether a company is cost competitive or not? Explain with examples.

Q5) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) Define planning, tactical planning, operational planning, Clarify with Examples
- b) Explain the concept of business objective & what are the main ingredients of the same?
- c) What do you understand by the term strategic alliance?

Q6) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) What is competitive advantage and what are the sources of global competitive advantage?
- b) The low-cost leadership strategy at times enables the firm to defend itself against each of five competitive forces. Explain.
- c) 'Strategy includes the determination and evaluation of alternative paths to an already established mission or objective and eventually, choice of the alternatives to be adopted.' Explain the statement underlining the process of strategy formulation.

Q7) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) State the major objectives of a business
- b) What is meant by corporate strategy?
- c) Discuss the advantages and limitations of growth strategies with examples.