VPM's
DR VN BRIMS, Thane
Programme: MMS (2021-23)
Second Semester Regular Examination October 2022

Course Name	Business Environment	**Course Code**	C208
Roll No.		**Marks**	60
Total No. of Questions	6	**Duration**	3 Hours
Total No. of printed pages	3	**Date**	13.10.2022

Course Outcome Statements:

CO1. Recall the key concepts of the Business Environment.
CO2. Explain the Political, Economic, Sociological, and Legal Environmental scope of an organization.
CO3. Make Use of contemporary examples to explain the impact of the macro-environment on business operations.
CO4. Analyze issues and factors responsible for the internal and external business environment.
CO5. Determine the internal strengths and weaknesses of specific businesses and their interrelationship with external macro factors.
CO6. Create a report on the current business scenario (assigned topic) with respect to Business Environment dimensions.

Instructions: -			**Marks**	**BL**	**CO**
Q. No 1 (All Questions are Compulsory)					
Q. No.		**Questions**			
Q. 1		Procter and Gamble (P&G), a global consumer products giant, “stormed the Japanese market with American products, American managers, American sales methods and strategies. The result was disastrous until the company learnt how to adapt products and marketing styles to Japanese culture. P&G which entered the Japanese market in 1973 lost money until 1987, but by 1991 it became its second largest foreign market.” P&G, acclaimed as “the world’s most admired marketing machine”, entered India, which has been considered one of the largest emerging markets, in 1985. It entered Indian detergent marketing in the early nineties with the *Ariel* brand through P&G India (in which it had a 51 per cent holding which was raised 65 per cent in January 1993, the remaining 35 per cent being held by the public). P&G established P&G Home products, a 100 per cent subsidiary later (1993) and Ariel was transferred to it. Besides soaps and detergents, P&G had or introduced later product portfolios like shampoos (Pantene) medical products (Vicks range, Clearasil and Mediker) and personal products (Whisper feminine hygiene products, Pampers diapers and Old Spice range of men’s toiletries). The Indian detergents and personal care products market was dominated by Hindustan Lever Ltd. (HLL). In some segments of the personal care products market, the multinational Johnson & Johnson has had a strong presence. Tata Group’s Tomco, which had been in the red for some time, was sold to Hindustan Lever Ltd. (HLL). HLL, a subsidiary of P&G’s global competitor, has been in India for about a century. The takeover of Tomco by HLL further increased its market dominance. In the low-priced detergents segment, Nirma has established a very strong presence. Over the period of about one-and-a-half decades since its entry in India, P&G invested several thousand crores. However, dissatisfied with its performance in India, it decided to restructure its operations, which in several respects meant a shrinking of activities – the manpower was drastically cut, and thousands of stockists were terminated. P&G, however, holds that it will continue to invest in India. According to Gary Cofer, the country manager, “it takes time to build a business category or brand in India. It is possibly even more demanding geography than others.”			

		China, on the other hand, with business worth several times than in India in less than 12 years, has emerged as a highly promising market for P&G. When the Chinese market was opened up, P&G was one of the first MNCs to enter. Prior to the liberalisation, Chinese consumers had to be content with shoddy products manufactured by government companies. The per capita income of China is substantially higher than India's and the Chinese economy was growing faster than the Indian. Further, the success of the single-child concept in China means higher disposable income. Further, it is also pointed out that for a global company like P&G, understanding Chinese culture was far easier since the ex-pat Chinese in the US was not very different from those back home whereas most Indian ex-pats tended to adapt far more to the cultural nuances of the immigrant country. One of P&G's big bets in India was the compact technology premium detergent brand *Ariel.* After an initial show, Ariel, however, failed to generate enough sales – consumers seem to have gone by the per kilo cost than the cost per wash propagated by the promotion. To start with, P&G had to import expensive state-of-the-art ingredients, which attracted heavy customs duties. The company estimated that it would cost ` 60 per kilo for Ariel compared to ` 27 for Surf and ` 8 for Nirma. Because of the Rupee devaluation of the early 1990s, the test market price of ` 35 for 500 gms was soon ` 41 by the time the product was launched. HLL fought Ariel back with premium variants of Surf like Surf Excel. It is pointed out that, "in hindsight, even P&G managers privately admit that bringing in the latest compact technology was a big blunder. In the eighties, P&G had taken a huge beating in one of its most profitable markets, Japan, at the hands of local company Kao. Knowing the Japanese consumer's fondness for small things, Kao weaved magic with its new-found compact technology. For a company that prided itself on technology, the drubbing in Japan was particularly painful. It was, therefore, decided that compacts would now be the lead brand for the entire Asia- Pacific region. When P&G launched Ariel in India, it hoped that the Indian consumer would devise the appropriate benchmarks to evaluate Ariel. As compacts promised economy of use, P&G hoped that consumers would buy into the low-cost-per-wash story. But selling that story through advertising was particularly difficult, especially since Indian consumers believed that the washing wasn't over unless the bar had been used for scrubbing. Even though Ariel was targeted at consumers with high disposable income, who represented half the urban population, consumers simply baulked at the outlay. Thereafter, one thing led to another. Ariel's strategy of introducing variants was a smart move to flank Lever at every price point by cleverly using the brand's halo effect. And by supporting the brand in mass media and retaining the share of voice. By 1996, it had become clear that Ariel's equity as a high-performance detergent had begun to take a beating. Its equity as a top-of-the-line detergent was getting eroded…Nowhere in P&G's history had a concept like Super Soaker been used to gain volumes…It was decided that Super Soaker would no longer be supported, nor would Ariel bar be supported in media."			
		Examine the internal/external factors responsible for the initial failure of P&G in Japan.	**6**	**Level 4**	**CO4**
		Discuss the reasons for the differences in the performance of P&G in India and China.	**6**	**Level 5**	**CO5**
Q. 2		Answer **Any-one** from the following.			
	a.	There are private buses on roads alongside the government bus services, **Assess** the merits and demerits of such a dual system.	**6**	**Level 5**	**CO5**

	b.	**Justify:** A government use monetary policy • to promote the growth of local businesses which export goods and services • to protect local businesses from competitive cheaper, imported products	**6**	**Level 5**	**CO5**
Q. 3		Answer **Any-one** from the following.			
	a.	**Analyze** which of the following items will be included in national income. Give reasons for your answer 1] Bonus to employees 2] Purchase of books by a student 3] Bus fare paid by a passenger 4] Wages received by an Indian working in the British embassy. 5] Free meals to beggars 6] Gifts to trust from china. 7] Expenditure incurred by normal residents on foreign travel. 8] Financial help to flood victims.	**6**	**Level 4**	**CO4**
	b.	Ms Akshaya is opening her own boutique; **examine** the factors that Ms Akshaya is supposed to consider with respect to the social and cultural environment.	**6**	**Level 4**	**CO4**
Q. 4		Answer **Any two** of the following.			
	a.	'Accent Electronics Ltd.' was operating its business in Malaysia. The company started exporting its products to India when the Prime Minister announced a relaxation in import duties on electronic items. The company appointed retailers in India who had direct online links to the suppliers to replenish stocks when needed. **Identify** and briefly describe the dimensions of the business environment discussed in the above caselet.	**6**	**Level 3**	**CO3**
	b.	**Identify** challenges in implementing JAM trinity in India.	**6**	**Level 3**	**CO3**
	c.	**Select** Tools from the following which are used by the central bank to control the flow of money in the domestic economy & justify. • Fiscal tools • Quantitative monetary tools • Qualitative monetary tools	**6**	**Level 3**	**CO3**
Q. 5		Answer **Any two** of the following.			
	a.	**Compare** capitalism, socialism & communism.	**6**	**Level 2**	**CO2**
	b.	**Explain** the classification of laws.	**6**	**Level 2**	**CO2**
	c.	**Explain** the impact of the 1991 Industrial Policy.	**6**	**Level 2**	**CO2**
Q. 6		Answer **Any two** of the following.			
	a.	**Define** Environment Scanning. **What** is the process of Environment scanning?	**6**	**Level 1**	**CO1**
	b.	**What** are cost-push inflation and demand-pull inflation? (Give an Example)	**6**	**Level 1**	**CO1**
	c.	**What** are the functions of International Monetary Fund (IMF)?	**6**	**Level 1**	**CO1**