

***Crafting and Executing Strategy - Concepts 2024
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Corret Answers are located at the end of each chapter.

MULTIPLE CHOICE - Choose the one alternative that best completes the statement or answers the question.

- 1) Managers of all types of business organizations must develop a clear answer for which of the following questions?
 - A) What approaches do we need to take in order to gain a competitive advantage in the marketplace?
 - B) What is the set of actions that we need to take to outperform competitors and achieve superior profitability?
 - C) Where are we now?
 - D) Where do we go from here?
 - E) When will we know that we are there?

- 2) Sanofi, a pharmaceutical company selling prescription drugs in France for the past 10 years, has had moderate sales in a crowded market while its rivals manufacture and market drugs having similar efficacy and safety precautions, but with superior market share. This particular pharmaceutical company's greatest challenge is to increase prescriptions of their drugs by French doctors. What would be the *most* effective strategy for Sanofi to improve sales performance in its existing market?
 - A) modifying marketing communication to increase brand familiarity within key physician segments
 - B) relocating all the existing drug manufacturing facilities to developing countries to reduce operational costs
 - C) employing hiring plans that aim at acquiring drug designers from rival companies
 - D) exiting the market and entering a new unexplored geographical location
 - E) engaging in new contract talks with suppliers about price breaks

- 3) You have been hired as a consultant by Sand Cloud, a venture-backed established company in the beachwear and toweling markets. Sand Cloud's owners are weighing a decision to donate a part of its profits to a children's charity to improve its market image. Your advice to Sand Cloud regarding strategy is that it will consist of the action plan management takes to
- A) develop a more appealing business model than rival beachwear and toweling companies.
 - B) compete against rivals in the beachwear and toweling industry and establish a transitory competitive advantage.
 - C) concentrate on improving its existing product offering irrespective of its decision to donate a percentage of its profits to a children's charity.
 - D) stake out a unique market position in beachwear and toweling markets and achieve superior profitability.
 - E) identify its strategic vision, its strategic objectives, and its strategic intent.
- 4) Keurig, the coffee machine manufacturer, sells high-quality espresso machines at a very low price and also provides low-cost refills of varietal coffee pods at a relatively higher price than rivals. The action steps that Keurig's managers take to outperform the company's competitors and achieve superior profitability are known as its
- A) strategy.
 - B) mission statement.
 - C) strategic intent.
 - D) value-cost-price framework.
 - E) market visioning statement.
- 5) Strategy, at its essence, is about
- A) matching rival businesses' products and quality dimensions in the marketplace.
 - B) building profits for short-term success.
 - C) realigning the market to provoke change in rival companies.
 - D) developing lasting success that can support growth and secure the company's future over the long term.
 - E) re-creating a business model with regularity.

- 6) To improve performance, there are many different avenues for outcompeting rivals, such as
- A) realizing a higher cost structure and lower operating profit margins than rivals in order to drive sales growth.
 - B) creating products analogous with competitors so as to be competitive in the same markets.
 - C) pursuing similar personalized customer service or quality dimensions as rivals.
 - D) being undecided whether to concentrate operations on local or global markets.
 - E) strengthening competitiveness by pursuing strategic alliances and collaborative partnerships.
- 7) Pizza Port, a craft brewing and pizza chain in southern California, manufactures thin-crust pizzas and offers one free pint of beer with the purchase of four large pizzas. What would you advise Pizza Port's owners *not to do* to craft a strategy that will enhance its future profits?
- A) Establish a distribution plan to set up more rapid pizza and beer delivery than any other rivals in the region.
 - B) Devise a social media marketing plan that aims at mass customer segments, providing them with updates on new releases of beer, attractive advertisements, and offers on products.
 - C) Implement a diversification plan that aims at eventually adding regions outside of southern California to its existing line of products.
 - D) Chart an acquisition plan that aims at rebranding and creating franchises with local smaller-scale pizza restaurants and craft beer taprooms that seek funding and offer attractive locations.
 - E) Create a sales plan that aims to enhance initial sales and market penetration with low prices based on high operational costs.
- 8) A cleverly crafted and well-executed strategy
- A) precludes the capture of emerging opportunities.
 - B) produces mediocre financial performance.
 - C) immunizes a business from changing macro-economic and market conditions.
 - D) provides direction only in terms of what the company should do.
 - E) can withstand the competitive challenges from rival firms.

- 9) A company's strategy is *not* concerned with management's choices about how to
- A) attract and please customers.
 - B) stake out the same market position as successful rival companies.
 - C) grow the business.
 - D) compete successfully.
 - E) conduct operations and improve the company's financial and market performance.
- 10) FaberRoad, a respected courier brand, is rapidly losing its market share to competitors who do overnight deliveries of packages or offer lower prices. The company's research department has found that many customers care more about knowing exactly when a package will arrive than getting it the next day. Which strategy would best address the current state of FaberRoad and help it regain its market?
- A) employing night delivery drivers at a high cost and maintenance charges
 - B) developing radio tags that could be attached to packages to allow for real-time tracking by customers' computers and mobile phones
 - C) diversifying the different types of packages that can be transported and enabling booking through calls
 - D) acquiring small transportation companies with cheaper trucks and tempos, rebranding, and using them for deliveries
 - E) engaging in expensive advertising with new tag lines and famous celebrities to enhance its brand image in the market
- 11) A company's strategy stands a better chance of succeeding when
- A) it is developed through a collaborative process involving all managers and staff from all levels of the organization.
 - B) managers employ conservative strategic moves based on past experience and form an underlying basis of control.
 - C) it is predicated on competitive moves aimed at appealing to buyers in ways that set the company apart from rivals.
 - D) managers copy the strategic moves of successful companies in its industry.
 - E) managers focus on meeting or beating shareholder expectations.

- 12) In crafting a company's strategy, managers
- A) face the biggest challenge of how closely to replicate strategies of successful companies in the industry.
 - B) have comparatively little freedom in choosing the "hows" of strategy.
 - C) are wise not to decide on concrete courses of action in order to preserve maximum strategic flexibility.
 - D) need to come up with a sustainable competitive advantage that draws in customers and produces a competitive edge over rivals.
 - E) are well-advised to be risk-averse and develop a "conservative" strategy—"dare-to-be-different" strategies are rarely successful.
- 13) The heart and soul of a company's strategy-making effort is determining how to
- A) become the industry's low-cost provider.
 - B) maximize profits and shareholder value.
 - C) improve the efficiency of its business model.
 - D) maximize profits while simultaneously operating in a socially responsible manner that keeps the company's prices as low as possible.
 - E) come up with moves and actions that produce a durable competitive edge over rivals.
- 14) The pattern of actions and business approaches that would *not* define a company's strategy include actions to
- A) strengthen market standing and competitiveness by acquiring or merging with other companies.
 - B) strengthen competitiveness via strategic coalitions and partnerships.
 - C) upgrade competitively important resources and capabilities.
 - D) gain sales and market share with lower prices despite increased costs.
 - E) strengthen the firm's bargaining position with suppliers and distributors.

- 15) A creative, distinctive strategy that delivers a sustainable competitive advantage is important because
- A) without a competitive advantage a company cannot become the industry leader.
 - B) without a competitive advantage a company is likely to fall into bankruptcy.
 - C) crafting a strategy that yields a competitive advantage over rivals is a company's most reliable means of achieving above-average profitability and financial performance.
 - D) a competitive advantage is what enables a company to achieve its strategic objectives.
 - E) how a company goes about trying to please customers and outcompete rivals is what enables senior managers to choose an appropriate strategic vision for the company.
- 16) A company achieves a competitive advantage when it
- A) provides buyers with superior value compared to rival sellers or offers the same value at a lower cost.
 - B) has a profitable business model.
 - C) is able to maximize shareholder wealth.
 - D) is consistently able to achieve both its strategic and financial objectives.
 - E) has a strategy well-matched to its business model.
- 17) A creative and distinctive strategy that sets a company apart from rivals and that gives it a sustainable competitive advantage
- A) is a reliable indicator that the company has a socially responsible business model.
 - B) is achievable in emerging but not mature industries.
 - C) is a company's most reliable ticket to above-average profitability.
 - D) signals that the company has a bold, ambitious strategic intent that places the achievement of strategic objectives ahead of the achievement of financial objectives.
 - E) is the best indicator that the company's strategy and business model are well-matched and properly synchronized.
- 18) What separates a powerful strategy from a run-of-the-mill or ineffective one?
- A) the ability of the strategy to keep the company profitable
 - B) the proven ability of the strategy to generate maximum profits
 - C) the speed with which it helps the company achieve its strategic vision
 - D) management's ability to forge a series of actions, both in the marketplace and internally
 - E) whether it allows the company to maximize shareholder value in the shortest possible time

- 19) Kodiak Robotics, a Silicon Valley-based manufacturer of self-driving delivery trucks, is a privately held company that is currently working on developing the next-generation electric vehicles. It has decided on a strategy of focusing on a narrow buyer segment and outcompeting its rivals by offering buyers customized, electric vehicles at a lower cost than its rivals, employing sensor fusion systems, and mapping solutions for long-haul, autonomous-driving trucks. What basic strategic approach has Kodiak Robotics decided upon?
- A) low-cost provider
 - B) focused low cost
 - C) focused differentiation
 - D) broad differentiation
 - E) best-cost provider
- 20) Strategic approaches to set a company apart from its rivals and achieve a sustainable competitive advantage are *not* likely to include
- A) striving to be the industry's low-cost provider.
 - B) outcompeting its rivals on the basis of differentiating features that will appeal to a broad spectrum of buyers.
 - C) developing a best-cost provider strategy that gives customers more value for the money.
 - D) focusing on a narrow market niche and serving buyers' special needs and tastes.
 - E) striving to be the industry's high-price provider.

- 21) You have been hired as a consultant to advise Rebel Toad Brewing, a brewpub based in a college town, about how to set itself apart from its rivals in order to achieve a sustainable competitive advantage. Rebel Toad is a small independent brewery that produces only ten barrels of beer using only the highest quality fresh ingredients. Which of the following strategies is Rebel Toad pursuing?
- A) striving to be the industry's low-cost provider, thereby aiming for a cost-based competitive advantage
 - B) outcompeting its rivals on the basis of differentiating features such as higher quality, wider product selection, added performance, better service, more attractive styling, technological superiority, or unusually good value for the money
 - C) mimicking the successful strategies of rivals
 - D) focusing on a narrow market niche to achieve a competitive edge by doing a better job than rivals of satisfying the needs and tastes of buyers composing the niche
 - E) developing a cost advantage based on offering more value for its patrons' money
- 22) Soap is critical for hygiene, but it's not always available in certain areas around the world. Pacha Soap is trying to change that via a small production of all-natural handmade soap sold primarily through selected Whole Foods stores. For every bar of Pacha Soap purchased, Andrew and Abigail Vrbas, the company's founders, donate a bar to someone in need. Pacha Soap, however, enjoys the least bargaining power with its suppliers because the company is
- A) involved in mass production of its products to cater to an expanding customer base.
 - B) actively catering to a broad, price-sensitive customer base.
 - C) manufacturing high-quality soap and related bath products from readily available raw materials for a broad customer base.
 - D) selling soap and related bath products deemed to be highly popular and easily available across most supermarkets.
 - E) offering high-cost specialized soap that could be purchased primarily by socially conscious customers in limited markets.

- 23) Winning a sustainable competitive edge over competitors does *not* hinge on which of the following?
- A) having a distinctive competitive product offering
 - B) building competitively valuable expertise and capabilities not readily matched and offering distinctive products
 - C) building experience, know-how, and specialized capabilities that have been perfected over a long period of time
 - D) having hard-to-beat capabilities and impressive product innovation
 - E) building products and distributing them at low prices to a broad customer base irrespective of manufacturing cost
- 24) If you were asked to develop a low-cost provider strategy for a start-up passenger air carrier business, what would you most likely *not* recommend?
- A) Offer low prices on short-distance flights and eliminate meals during flights.
 - B) Offer low prices on long-distance flights and maintain long service times for aircraft between flights.
 - C) Offer low prices on short-distance flights and improve airplane capacity by reducing the distance between existing seats to permit adding more rows of seating.
 - D) Offer low prices on short-distance flights and pay flight attendants a minimum wage.
 - E) Offer low prices on long-distance flights and charge fees for both carry-on and checked luggage.
- 25) Amy's Drive-Thru, a fast-food facility, offers healthy, sustainably grown veggie and vegan fast food at higher prices than its competitors in the market and has a drive-through and indoor-seating casual dining operation. What strategy is Amy's Drive-Thru using to gain competitive advantage?
- A) a low-cost provider strategy
 - B) a broad differentiation strategy
 - C) a focused low-cost strategy
 - D) a differentiation strategy
 - E) a best-cost provider strategy

- 26) BloomsJay Resorts Incorporated has multiple tropical resorts in various locations. In a crowded market that caters to all kinds of consumers, this resort caters mainly to gays with a guaranteed hassle-free holiday experience at a premium price. What strategy is BloomsJay using to gain competitive advantage?
- A) a low-cost provider strategy
 - B) a broad differentiation strategy
 - C) a focused low-cost strategy
 - D) a focused differentiation strategy
 - E) a best-cost provider strategy
- 27) Identify the company with a focused low-cost provider strategy.
- A) Target
 - B) LinkedIn
 - C) Southwest Airlines
 - D) IKEA
 - E) BMW
- 28) Giving customers more value for the money by satisfying their expectations on key quality features, performance, and/or service attributes while beating their price expectations is a _____ strategy.
- A) best-cost provider
 - B) focused low-cost
 - C) focused differentiation
 - D) broad differentiation
 - E) low-cost provider

- 29) An evolving strategy for a ride-share business like Uber or Lyft is *not* likely to be triggered by
- A) their need to keep strategy in step with changing circumstances, market conditions, and changing customer needs and expectations.
 - B) the proactive efforts of their managers to fine-tune and improve one or more pieces of the strategy.
 - C) their need to abandon some strategy features that have been faltering or are no longer working well.
 - D) their need to respond to the newly initiated actions and competitive moves of manufacturers of autonomous vehicles.
 - E) their need to respond to short-term swings in the stock market that impact timing of an initial public offering (IPO).
- 30) A "repeatedly evolving strategy" best applies to a
- A) console gaming hardware and software manufacturer, established in a saturated market, that plans its research and development activities to allow for quarterly releases of new products that match or overtake features of rivals' gaming platforms.
 - B) manufacturer and marketer of home fitness equipment and subscription services for socially distant workout sessions.
 - C) start-up natural cosmetics manufacturer that replicates the products of rivals but at a comparable quality and lower price.
 - D) regional supermarket chain that specializes in catering to Hispanic and Latinx consumers.
 - E) not-for-profit housing agency that formulates urban redevelopment plans during a four-year window of time and implements them phase by phase over that period.
- 31) Managers of every company should be willing and ready to modify their strategies because
- A) market conditions and circumstances are changing over time or the current strategy is clearly failing.
 - B) the task of crafting strategy is a one-time event.
 - C) the strategic vision necessitates periodic updating.
 - D) frequent changes in strategy make it very difficult for rivals to imitate.
 - E) all strategies are reactive.

- 32) Adapting to new conditions like new innovations by competitors, fast-changing technological developments, and constantly evaluating what is working result in
- A) an assured profitability strategy.
 - B) a broad market entry strategy.
 - C) an emergent strategy.
 - D) an unlimited revenue generation.
 - E) a proactive strategy.
- 33) Managers must be prepared to modify their strategy when
- A) economic conditions are stable and the company is on a smooth path to growth.
 - B) rivals make or adjust moves in the market due to the shifting needs of buyers.
 - C) rivals announce their monthly profit margins to the public.
 - D) the current strategy is working satisfactorily.
 - E) customer preferences and buyers needs remain largely unchanged.
- 34) A company's strategy is a "work in progress" and evolves over time because of the
- A) importance of developing a fresh strategic plan every year that keeps employees from becoming bored with executing the same strategy year after year.
 - B) ongoing need to imitate the new strategic moves of the industry leaders.
 - C) need to make regular adjustments in the company's strategic vision.
 - D) ongoing need of company managers to react and respond to changing market and competitive conditions.
 - E) frequent need to modify key elements of the company's business model.
- 35) A company's realized strategy is typically composed of
- A) protecting market share, achieving parity with rivals' offerings, making entrepreneurial moves, and risk taking.
 - B) closely following the strategy employed by the recognized industry leader while avoiding the failed strategies of industry laggards.
 - C) efforts to make all product/service offerings comparable to those of rivals and defensive moves to counteract changing market conditions.
 - D) planned initiatives to improve the company's financial performance, secure a competitive edge, and unanticipated developments and fresh market conditions.
 - E) offensive actions to improve profitability and defensive moves to counteract changing market conditions.

- 36) Crafting a deliberate strategy involves developing strategy elements that
- A) imitate as much of the market leader's strategy as possible so as not to end up at a competitive disadvantage.
 - B) comprise a five-year strategic plan that is then fine-tuned during the remainder of the plan period; big changes in strategy are thus made only once every five years.
 - C) consist of a blend of proactive new planned initiatives plus ongoing strategy elements continued from prior periods.
 - D) deliberately eliminate the ongoing strategic elements and implement new planned initiatives.
 - E) consist of adaptive change plans to new market situations along with abandoned, redundant ongoing elements.
- 37) Strategy formulation is
- A) mostly hidden to outside view and is deliberately kept under wraps by top-level managers (so as to catch rival companies by surprise when the strategy is launched).
 - B) typically planned well in advance and usually deviates little from the planned set of actions and business approaches because of the risks of making on-the-spot changes.
 - C) static over time unless a newly appointed CEO decides to take the company in a new direction with a new strategy.
 - D) typically a blend of proactive and reactive strategy elements.
 - E) developed solely on the fly because managers must make constant efforts to come up with fresh moves to keep a company's product offering clearly set apart from the product offerings of rival firms.
- 38) A company's realized strategy evolves from one version to the next due to
- A) changing management direction because of understanding several appealing strategy alternatives.
 - B) the proactive efforts of company managers to improve the current strategy, a need to respond to changing customer requirements and expectations, and a need to react to fresh strategic maneuvers on the part of rival firms.
 - C) ongoing turnover in the managerial and executive ranks (new managers often decide to shift to a different strategy).
 - D) pressures from shareholders to boost profit margins and pay higher dividends.
 - E) the importance of keeping the company's business model fresh and up-to-date.

- 39) It is *incorrect* to say that a company's strategy evolves due to
- A) a need to promote stability and retain the status quo.
 - B) the need to abandon some strategy elements that are no longer working well.
 - C) a need to respond to changing customer requirements and expectations.
 - D) a need to react to fresh strategic maneuvers on the part of rival firms.
 - E) the proactive efforts of company managers to improve obsolete aspects of the strategy.
- 40) When crafting a strategy for a company, it is important to
- A) retain certain strategy elements that have grown stale or become obsolete.
 - B) stay the course with the current strategy even if market and competitive conditions take an unexpected turn.
 - C) respond to any new strategic maneuvers of rival firms.
 - D) refrain from taking any proactive actions to improve this or that piece of the strategy.
 - E) share the strategy publicly to obtain additional customer and shareholder support.
- 41) Strategy is about competing differently than rivals; thus, strategy success is about
- A) the sources of sustained advantages and superior profitability.
 - B) those emergent, unplanned, reactive, and adaptive plans that are more appropriate than deliberate or intended ones that drive the realized strategy.
 - C) matching internal resources and capabilities to the industry environment.
 - D) keeping the firm current with the rapid pace of change in the industry.
 - E) replacing proactive and reactive measures by modified ongoing strategic elements to preserve company values.
- 42) A deliberate strategy is best exemplified by a(n)
- A) popular downtown theater that has been staging plays and showing films decides to begin booking rock-and-roll acts.
 - B) airline company that cuts frills to cope with increasing fuel prices.
 - C) IT firm that trims jobs during a recession.
 - D) smartphone manufacturer that divests its tablet production branch after not gaining market share.
 - E) online jewelry reseller that discontinues its line of turquoise rings due to lack of demand.

- 43) An emergent strategy is best exemplified by a(n)
- A) local hardware store that offers a 10 percent discount for seniors on the first Wednesday of every month.
 - B) online book reseller that diversifies into custom book publishing.
 - C) oil-change franchisor that continues geographical expansion despite a recession.
 - D) healthy food manufacturer that integrates forward into drive-thru fast health food restaurants.
 - E) microbrewer that invests in building community water wells during a drought.
- 44) Consider the following three companies and their strategies.
- Company A is an established database management company that acquires a well-reputed but small publishing house to enter the booming publishing industry.
 - Company B, a sports management house, declared bankruptcy during a recent recession but now has created a television network that airs regional sports events.
 - Company C, a package delivery business, is a start-up based on delivery efficiency models created by a few students and delivers almost all kinds of packages.
- The use of strategies by these three companies can be analyzed accurately by saying that
- A) Company B employs an emergent strategy, whereas companies A and C employ deliberate strategies.
 - B) All three companies employ deliberate strategies.
 - C) All three companies employ emergent strategies.
 - D) Company C employs a deliberate strategy; companies A and B employ emergent strategies.
 - E) Companies A and C employ emergent strategies; company B employs a deliberate strategy.

- 45) A luxury bathtub manufacturer offered scented bubble bath foams and massage coupons as a gimmick when its bathtubs did not sell. The bubble foam became famous among some women and led to a line of exclusive bath products for women. The manufacturer established shops in various regional locations and hired celebrities to market its products to enhance sales. Now its products are sold through retail outlets and online sites throughout the world. Which of the following is accurate?
- A) Offering scented bubble bath foams and massage coupons was an emergent strategy.
 - B) Creating a sub brand that offered exclusive bath products for women was an emergent strategy.
 - C) Establishing shops in regional locations was an emergent strategy.
 - D) Hiring celebrities to market its products was an emergent strategy.
 - E) Creating a worldwide presence through retail outlets and online sites was an emergent strategy.
- 46) Due to impending labor strife over planned layoffs in its Silicon Valley headquarters, a social networking company has decided to outsource its programming operations to an emerging market, India, to obtain cheaper labor. Since then, this social networking company has encountered criticism that has diminished its current market position and staff productivity. You have been retained by this company to develop an appropriate reactive (emergent) strategy that would begin by
- A) hiring and training new talent to begin operations in the emerging market.
 - B) acquiring a local computer chip marketing and distribution specialist firm in the new location.
 - C) canceling the idea of outsourcing and retaining the existing workforce to run operations.
 - D) shifting the existing workforce to the new geographical location and paying them according to new standards.
 - E) canceling the job cuts until the market situation and entry operations stabilize.

47) A company's business model

- A) concerns the actions and business approaches that will be used to grow the business, conduct operations, and stake a competitor's market position.
- B) is management's blueprint for how it will generate revenues sufficient to cover costs and yield an attractive profit.
- C) concerns what combination of moves in the marketplace it plans to make to outcompete its rivals.
- D) deals with how it can simultaneously maximize profits and operate in a socially responsible manner that keeps its prices as low as possible.
- E) concerns how management plans to pursue strategic objectives, given the larger imperative of meeting or beating its financial performance targets.

48) The consumer goods companies listed below all pursue the same business model with the exception of

- A) Dell laptops.
- B) Gillette razors.
- C) Epson printers.
- D) Keurig espresso coffee machines.
- E) Nintendo Wii.

49) Why is it important to craft a business model?

- A) because it sets forth management's game plan for maximizing profits for shareholders
- B) because it details exactly how management's strategy will result in the achievement of the company's strategic intent
- C) because it is a part of an operating model that focuses on delivering excellence and creating value for external shareholders and internal labor force
- D) because it sets forth the key components of the enterprise's business approach, indicates how revenues will be generated, and makes a case for why the strategy can deliver value to customers in a profitable manner
- E) because it sets forth management's long-term action plan to match the business standards set by formidable rivals

50) Square attained a solid foothold in small retail and service businesses in the United States, such as hair salons, massage therapists, and food trucks. Currently, Square gets a large percentage of its revenue (greater than 20 percent) from the restaurant business. "Square for restaurants," for example, allows restaurant owners to manage their entire Point of Sale (POS) system, including credit card and mobile wallet payments, menu updates, floor layouts, employee scheduling, tip splitting, payroll processing, and employee performance tracking using a single platform, as well as tools such as customer relationship management, inventory management, and employee management. Square's blueprint for how and why the company's business approaches will generate revenues sufficient to cover costs and produce attractive profits and returns on investment

- A) is what is meant by the term *strategic intent*.
- B) portrays the essence of a company's business purpose or mission.
- C) accounts for why a company's financial objectives are at the stated level.
- D) best describes what is meant by a company's strategy.
- E) best describes what is meant by a company's business model.

51) The difference between a company's strategy and a company's business model is that

- A) a company's strategy is management's game plan for achieving strategic objectives while its business model is management's game plan for achieving financial objectives.
- B) the strategy concerns how to compete successfully and the business model concerns how to operate efficiently.
- C) a company's strategy is management's game plan for realizing the strategic vision, whereas a company's business model is the game plan for accomplishing its corporate responsibility goals.
- D) strategy relates broadly to a company's competitive moves and business approaches while its business model relates to whether the revenues flowing from the strategy are sufficient to cover costs and realize a profit.
- E) a company's strategy is solely concerned with how to please customers while its business model is solely concerned with how to please shareholders.

- 52) The customer value proposition lays out the company's approach to
- A) meeting profitability guidelines without the risk of losing customers.
 - B) operating efficiently given the current level of customers.
 - C) embracing rival company approaches to gaining customers.
 - D) satisfying customer wants and needs at a price that customers will consider a good value.
 - E) assuring that the company makes enough profits based on its per-unit cost.
- 53) A regional electric scooter manufacturer sells its scooter at a lower price than other manufacturers of two-wheeler scooters. What will make the product most attractive for customers?
- A) low profit
 - B) high value
 - C) high cost
 - D) low value
 - E) low cost
- 54) You have been asked to advise Waltham Furniture, a company that seeks to serve a target middle-class customer demographic obsessed with the quality and price of products. Your proposed value proposition for this company to offer to its customers would be to
- A) identify the unique features of your client's furniture without comparing it with a rival's products.
 - B) offer copycat furniture at low cost but an average quality compared to your client's rivals.
 - C) offer the same quality of furniture as do your client's rivals but at a high cost based on greater market share and higher brand value.
 - D) provide comparable quality furniture at a much lower price than your rivals but leave the final assembly of purchased furniture to customers accompanied by an easy-to-follow assembly guide.
 - E) market and sell only average quality furniture compared to your rivals at an imperceptible difference in price.

- 55) Based upon its advertising slogan, the pizza restaurant that likely offers the best value proposition to its customers is
- A) Johnny's Pie Shop: "The Tastiest Pizza You've Ever Had."
 - B) Fast 'n' Fresh Pizza: "Get fresh, hot pizza, delivered under 20 minutes—or it's free."
 - C) Sustainable Slices: "Organic and sustainably sourced ingredients that are good for you and the planet."
 - D) Loyalty Pizza: "One pizza, 5 points: to be redeemed with a pan pizza upon reaching 50 points."
 - E) Crackerjack Pizza: "Open your pizza box and find a free gift. Hurry! Free gifts for 100 lucky customers."
- 56) OpenAI, a U.S. company, has developed ChatGPT, an online chatbot designed to respond to text-based queries and generate natural language responses. Which of the following customer value propositions is *unlikely* to be part of OpenAI's business model?
- A) adding a comparison feature tab that allows customers to compare chatbot offerings from other online providers of AI-generated language providers such as Google's LamDA, Microsoft's Bing, and Amazon's Codewhisperer
 - B) providing free referrals to editorial service providers
 - C) updating the company's website with high-resolution videos of talking heads that read the language scripts generated by AI
 - D) rolling out a mobile app version of the chatbot program to subscribers
 - E) instituting a payment policy to encourage users to subscribe in order to access the premium features of ChatGPT
- 57) A search engine giant specializes in all types of search items; provides a free translation feature for 80 different languages; stores all passwords for commonly visited sites in encrypted form; allows users to view ads on previously made related searches; provides suggestive search items to assist the user; allows users to view a collection of related web pages users might want to visit; and provides a faster load time and more accurate hits than its rivals. This search engine company uses a profit formula that primarily consists of
- A) providing a free translation feature for 80 different languages.
 - B) allowing users to view ads on previously made related searches.
 - C) allowing users to view a collation of related web pages users might want to visit.
 - D) providing a faster load time and more accurate hits than its rivals.
 - E) providing suggestive search items based on history of sites visited.

- 58) A winning strategy is one that
- A) builds strategic fit, is socially responsible, and maximizes shareholder wealth.
 - B) is highly profitable and boosts the company's market share.
 - C) fits the company's internal and external situation, builds sustainable competitive advantage, and improves company performance.
 - D) results in a company becoming the dominant industry leader.
 - E) can pass the ethical standards test, the strategic intent test, and the profitability test.
- 59) A winning strategy must pass which three tests?
- A) the dominant market test, the sustainable advantage test, and the profit test
 - B) the fit test, the competitive advantage test, and the performance test
 - C) the sustainable performance test, the fit test, and the profit test
 - D) the performance test, the dominant market test, and the fit test
 - E) the fit test, the sustainable advantage test, and the dominant market test
- 60) To distinguish a winning strategy from a mediocre or losing strategy, a strategic manager should ask which question?
- A) How good is the company's business model?
 - B) Is the company a technology leader?
 - C) Does the company have low prices in comparison to rivals?
 - D) Is the company putting too little emphasis on behaving in an ethical and socially responsible manner?
 - E) How well does the strategy fit the company's situation?

61) Shopify, which began as a Canadian snowboard marketing company, has evolved into an e-commerce software solutions provider that allows merchants to quickly and easily set up and maintain an online store. Shopify helps merchants compete against Amazon. It's been expanding its business to provide tools in payments, inventory control, and shipping. In addition, the company rolled out Shopify Capital to extend loans to U.S. merchants. To test the merits of Shopify's strategy and distinguish it as a winning strategy, which major question would you recommend management ask and address?

- A) Is Shopify's strategy helping the company achieve a sustainable competitive advantage, and is it resulting in a better company performance?
- B) Is Shopify putting too little emphasis on growth and profitability and too much emphasis on behaving in an ethical and socially responsible manner?
- C) Is Shopify's strategy resulting in the development of additional competitive capabilities?
- D) Is Shopify's strategy ethical and socially responsible, and does it put enough emphasis on good product quality and good customer service?
- E) Does Shopify's strategy strike a good balance between maximizing shareholder wealth and maximizing customer satisfaction?

62) For John Sidanta, CEO and founder of Primaplast, a manufacturer of biodegradable plastic drinking straws made from recycled material, crafting and executing a strategy is a top-priority managerial task because it

- A) helps Primaplast management create tight fits between a company's strategic vision and its business model.
- B) allows Primaplast company personnel, and especially senior executives, to know the answer to "who are we, what do we do, and where are we headed?"
- C) is Primaplast management's prescription for doing business, its roadmap to competitive advantage, a game plan for pleasing customers, and its formula for improving performance, especially in light of impending community and some food service outlets' bans on conventional plastic drinking straws.
- D) provides Primaplast with clear guidance as to what the company's business model and strategic intent are, and helps keep managerial decision-making from being rudderless.
- E) establishes how well Primaplast executives perform these tasks and are the key determinants of executive compensation.

- 63) Why are crafting and executing business strategies the foremost tasks of any organization?
- A) because they are necessary ingredients of a sound operational business model
 - B) because a good strategy coupled with a good strategy execution are the most telling signs of good management and allow a company to be a standout performer in the marketplace
 - C) because the management skills of top executives are sharpened as they work their way through the strategy-making, strategy-executing processes
 - D) because doing these tasks helps executives develop an appropriate strategic vision, strategic intent, and set of strategic objectives
 - E) because of the contribution they make to maximizing value for shareholders
- 64) Good strategy combined with good strategy execution
- A) offers a sure-fire guarantee for avoiding periods of weak financial performance.
 - B) is the best sign that a company is a true industry leader.
 - C) is a more important management function than forming a strategic vision combined with setting objectives.
 - D) is the clearest indicator of good management.
 - E) signals that a company has the best business model in a market.
- 65) The most significant signs of a well-managed company are
- A) the eagerness with which executives set stretch financial and strategic objectives and develop an ambitious strategic vision.
 - B) aggressive pursuit of new opportunities and a willingness to change the company's business model whenever circumstances warrant.
 - C) good strategy-making combined with good strategy execution.
 - D) a visionary mission statement and a willingness to pursue offensive strategies rather than defensive strategies.
 - E) a profitable business model and a balanced scorecard approach to measuring the company's performance.

- 66) Excellent execution of an excellent strategy is
- A) the best test of managerial excellence and the best recipe for making a company a standout performer.
 - B) a solid indication that managers are maximizing profits and looking out for the best interests of shareholders.
 - C) the best test of whether a company is a true industry leader.
 - D) the best evidence that managers have an emerging business model.
 - E) the best test of whether a company enjoys sustainable competitive advantage.
- 67) Ben Weprin is founder and CEO of Graduate Hotel, a growing chain of boutique hotels situated near college campuses and designed to cater to the nostalgia and local boosterism that are part of the culture of university towns. (Room keys are imprinted with the names of famous alumni, and public spaces are decorated with historical photos of campus life, vintage art, and other collegiate artifacts.) Mr. Weprin and his company are trying to create a brand that will find year-round business by catering to more than just alumni coming back for once-a-year football weekends or 10-year anniversaries of their graduating classes. What is the major question that Mr. Weprin and his team need to ask about his company's strategy?
- A) What must managers do, and do well, to make a company a winner in the marketplace?
 - B) What can employees do, and do well, to ensure customer satisfaction?
 - C) What can shareholders do, and do well, to ensure a profitable company?
 - D) What do customers do, and how to profile customers who buy a company's product and tailor sales strategy around them?
 - E) What do suppliers do, and how to get supplies at the lowest cost to build a profitable business?
- 68) A pharmaceutical giant acquires a manufacturer of rare specialty drugs to improve its falling share prices and invests all its wealth into the deal. Due to a deficit, it agrees to do a joint venture for the acquisition and involves a major automobile giant to fund the deal. After a rocky start, the companies now have a strong market position and generate good profits. How would you characterize this company's strategy?
- A) It fails the performance test.
 - B) It fails the competitive advantage and the fit tests.
 - C) It is a winning strategy.
 - D) It fails in all three tests.
 - E) It fails the fit test but passes the competitive advantage and performance tests.

69) Consider the following five companies and their situations.

- Company A is an established online fantasy sports-gaming company that has been accused of game-rigging, bribes, and kickbacks.
- Company B, a chemicals manufacturer, ignores the damage done to the environment by its operations in a particular country, even though they are in compliance with current environmental regulations in that country.
- Company C, a pharmaceutical manufacturer, charges higher prices for life-saving drugs in some countries during a global pandemic.
- Company D, a manufacturer and marketer of high-end consumer electronics, has a strict code of conduct that requires its suppliers to comply with several standards regarding safe working conditions, fair treatment of workers, and environmentally safe manufacturing.
- Company E, a high-fashion athletic-footwear business, is paying university athletic departments to adopt its brand, even though that brand was previously discontinued due to insensitive comments by that brand's celebrity spokesperson.

Which of the above companies is distinguished by an ethical strategy as opposed to an unethical or flawed strategy?

- A) Company A
- B) Company B
- C) Company C
- D) Company D
- E) Company E

70) In evaluating proposed or existing strategies managers should

- A) initiate new initiatives even though they don't seem to match the company's internal and external situation.
- B) scrutinize the company's existing strategies on a regular basis to ensure they offer a good strategic fit, create a competitive advantage, and result in above-average performance.
- C) evaluate the firm's business model at least every three years.
- D) ensure core capabilities are incorporated for establishing a competitive advantage.
- E) align existing strategies with new strategies to emphasize incremental gains.

- 71) A winning strategy is one that
- A) builds strategic fit, is socially responsible, and maximizes shareholder wealth.
 - B) is highly profitable and boosts the company's market share.
 - C) results in a company becoming the dominant industry leader.
 - D) fits the company's internal and external situation, builds sustainable competitive advantage, and improves company performance.
 - E) can pass the ethical standards test, the strategic intent test, and the profitability test.
- 72) A seldom-used strategic approach to setting a company apart from rivals and achieving a sustainable competitive advantage is
- A) striving to be the industry's low-cost provider, thereby aiming for a cost-based competitive advantage.
 - B) outcompeting rivals on the basis of such differentiating features as higher quality, wider product selection, added performance, better service, more attractive styling, or technological superiority.
 - C) developing competitively valuable resources and capabilities that rivals cannot easily match, copy, or trump with capabilities of their own.
 - D) focusing on a narrow market niche and winning a competitive edge by doing a better job than rivals of serving the special needs and tastes of buyers in the niche.
 - E) copying the attributes of a popular product or service.
- 73) A company achieves sustainable competitive advantage when
- A) it has a profitable business model.
 - B) a sufficiently large number of buyers have a lasting preference for its products or services as compared to the offerings of competitors.
 - C) it is able to maximize shareholder wealth.
 - D) it is consistently able to achieve both its strategic and financial objectives.
 - E) its strategy and its business model are well matched and in sync.

- 74) A company's business strategy is *not* likely to include
- A) actions to respond to changing market conditions or other external factors.
 - B) actions to strengthen competitiveness via strategic alliances and collaborative partnerships.
 - C) actions to strengthen internal capabilities and competitively valuable resources.
 - D) actions to manage the functional areas of the business.
 - E) management's actions to revise the company's financial and strategic performance targets.
- 75) Changing circumstances and ongoing managerial efforts to improve the strategy
- A) account for why a company's strategy evolves over time.
 - B) explain why a company's strategic vision undergoes almost constant change.
 - C) make it very difficult for a company to have concrete strategic objectives.
 - D) make it very hard to know what a company's strategy really is.
 - E) are consistent with a planned strategy approach.
- 76) Under Armour, a multinational sports apparel company saw its sales drop in North America while sales in the Asia/Pacific rose 12 percent that same year. The company plans an entry into a new geographical location, Vietnam—which is considered an emerging market and also a potential supplier—with its established and best-selling product line: women's running shorts. If you were advising Under Armour, what would you *least be likely to recommend* to this company?
- A) Establish a distribution plan to set up more supply outlets than any other rivals in the location.
 - B) Devise a social media marketing plan that aims at the women's fitness consumer segments with attractive advertisements and special offers on products.
 - C) Implement a diversification plan that aims at adding remote fitness classes by subscription.
 - D) Establish joint ventures or strategic partnerships with local smaller scale sports apparel retailers and offer them an exclusive product lineup.
 - E) Create a sales plan that aims to enhance initial sales and market penetration with low prices based on high operational costs.

- 77) Amazon's recent strategy of competing differently includes
- A) improving its cash-flow cycle by slowing down order fulfillment and lengthening delivery times.
 - B) divestiture of non-core businesses such as books, consumer products, and cloud business services.
 - C) diversification into unrelated industries such as financial services, supermarkets, and health care.
 - D) acquisitions of key rivals in space exploration technology.
 - E) technological innovations to develop proprietary microprocessors and personal assistance devices including Alexa.
- 78) Despite the vast changes in business conditions and practices over the last decade, the principles of strategic management have
- A) remained largely the same.
 - B) made quantum leaps forward.
 - C) adapted to cope with vast shifts in macroeconomic and market conditions.
 - D) provided the impetus for companies to engage in unethical practices.
 - E) been completely overhauled to adapt to new industries and new business models.
- 79) Major developments in business over the last decade have included
- A) increasing stakeholder indifference to climate change and the social impact of business activities.
 - B) improved tools for stealing corporate secrets.
 - C) increasing use of data analytics and artificial intelligence.
 - D) declining use of social media, e-commerce, and digital marketing.
 - E) decreasing global tensions leading to increased supply chain efficiencies.

- 80) You are a strategic consultant to Danielle and Casey, who are partners in a local upscale coffee-roasting and retail business, Retrograde Coffee. In counseling the partners about how to achieve a sustainable competitive advantage for their business, you most likely would advise them to
- A) utilize copycat product offerings or pursue similar approaches as rivals in order to stake out the same market position.
 - B) maintain their current business model, even at the expense of long-term profits.
 - C) have some distinctive strategic element that draws in customers and produces a competitive edge.
 - D) allow worthy rivals to match or surpass any elements of their current competitive advantage.
 - E) engage in stealth practices to beat competitors at their own game.
- 81) Bravas, a tapas bar and paella restaurant, offers healthy, sustainably sourced (as well as veggie and vegan) cuisine at higher prices than its competitors in the market and has a drive-through and indoor-seating casual dining operation. What strategy is Bravas using to gain competitive advantage?
- A) a focused differentiation strategy
 - B) a best-cost provider strategy
 - C) a focused cost strategy
 - D) a low-cost strategy
 - E) a broad differentiation strategy
- 82) Marc Anthony Group, Incorporated, a well-established manufacturer and marketer of White Claw hard seltzer, offers lower-priced products to powerful supermarket buyers at widespread locations and has loyal distributors that supply mass goods to supermarket retailers. With fewer ways to achieve differentiation in the market, most new hard seltzer entrants offer similar products but lack sufficient funding to compete against this well-established rival. Which strategy should new entrants into the hard seltzer market employ?
- A) a broad differentiation strategy
 - B) a focused cost strategy
 - C) a best-cost provider strategy
 - D) a low-cost strategy
 - E) a focused differentiation strategy

- 83) A key aspect of Turo's car rental business model is
- A) providing car and truck rentals to travelers, auto-repair customers, and customers needing local transportation through a network of over 8,500 airport and neighborhood locations worldwide.
 - B) fixed costs primarily associated with acquiring and maintaining a fleet of 1.85 million cars and trucks.
 - C) fixed costs primarily associated with developing software for computers, tablets, and smartphones.
 - D) fixed costs primarily associated with the lease expense to provide dedicated parking spaces for its rental fleet.
 - E) based on the business model of its parent company, the Avis Budget Group, in order to provide greater capacity utilization of Avis's fleet of rental cars.
- 84) Airbnb, an online platform for hospitality services, is considering an entry into the car rental market via acquisition. The company provides a mobile application (app) that enables users to list, discover, and book unique accommodations across the world. Which of the following companies would provide the best strategic fit for Airbnb?
- A) Enterprise Rent-A-Car, which provides car and truck rentals to travelers, auto repair customers, and customers needing local transportation through a network of over 8,500 airport and neighborhood locations worldwide, and whose fixed costs are primarily associated with acquiring and maintaining a fleet of 1.85 million cars and trucks.
 - B) Turo, which allows car owners to rent their personal vehicles (or vehicles acquired specifically for Turo rentals as a host) and whose fixed costs are primarily associated with developing software for computers, tablets, and smartphones.
 - C) Zipcar, a round-trip car-sharing network that allows subscribers to access cars on demand by the hour or day, providing its parent company, the Avis Budget Group, with greater capacity utilization of its rental fleet, and whose fixed costs are primarily associated with the lease expense to provide dedicated parking spaces for its rental fleet.
 - D) Either Enterprise or Turo would be a good fit for Airbnb's new venture.
 - E) Either Turo or Zipcar would be a good fit for Airbnb's new venture.

- 85) Which of the following features is part of McDonald's profit formula?
- A) variations among store formats and menu items to attract new customers
 - B) modest investments in human resources and employee training to minimize costs
 - C) avoiding costly advertising and in-store promotions
 - D) a visionary mission statement and a willingness to pursue offensive strategies rather than defensive strategies
 - E) stringent specifications for ingredients and detailed operating procedures for each store unit

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

- 86) What is strategy and why is it important?

- 87) Briefly define each of the following terms:

- sustainable competitive advantage
- deliberate strategy
- emergent strategy
- realized strategy
- abandoned strategy

- 88) What are the three tests of a winning strategy?

- 89) Identify and briefly describe the five most frequently used strategic approaches to achieving a sustainable competitive advantage. Provide examples.
- 90) What is the connection between a company's strategy and its quest for sustainable competitive advantage?
- 91) Provide at least two examples of a company's competitively valuable capabilities.
- 92) What are the three questions that managers can use to distinguish a winning strategy from a so-so or flawed strategy? Briefly explain why each question is important.
- 93) Should a company's strategy be tightly connected to its quest for competitive advantage? Why or why not? What difference does it make whether a company has a sustainable competitive advantage or not?

- 94) During a recession, a high-end beverage producer facing strong competition in a saturated market has decided to phase out all its flagship products and introduce a new line of second-label beverages at lower price points in reaction to its falling market share. Would this type of a reactive strategy revive its position? Why or why not?
- 95) Compare the business models of Gillette and Epson.
- 96) Why are the capabilities needed to build a sustainable competitive advantage so important to a winning business strategy? Cite one of the company examples in the chapter to illustrate your answer.
- 97) Why is a company's strategy typically a blend of proactive and reactive approaches?
- 98) Can an organization succeed by pursuing strategies that are proactive and reactive? Explain.

99) Explain why a company's strategy cannot be completely planned out in advance and why crafting a company's strategy cannot be a one-time, once-and-for-all managerial exercise. Identify at least three factors that account for why company strategies evolve.

100) Explain in detail what a company's business model entails.

101) What factors determine whether a strategy can be called a winning strategy?

102) How can a manager tell a winning strategy from a strategy that is mediocre or a loser?

103) Why is sustainable competitive advantage so important to a winning business strategy?

- 104) Why is it appropriate to argue that good strategy-making combined with good strategy execution are valid signs of good management?
- 105) Mediocre execution of a powerful strategy is a proven recipe for winning in the marketplace. True or false? Explain your answer.
- 106) Good strategy plus good strategy execution equals good management. True or false? Justify and explain your answer.
- 107) Apple Incorporated's strategy, outlined in Chapter 1, represents a managerial commitment to an integrated array of considered choices about how it should compete. What are the hallmarks of Apple Incorporated's strategy?

- 108) A new entrant in a market dominated by established players introduces itself with copycat products of another competitor. Would this strategy work in the long term for the firm? Justify your answer.
- 109) An established manufacturer and marketer of apparel and equipment for competitive sports is fast losing market share to companies that not only offer similar products, but also are upgrading their research and development capabilities to produce better products. List a few general actions and approaches that would help the established company revive its position.
- 110) A well-established brewery offers lower-priced beer to powerful supermarket buyers at widespread locations and has loyal distributors that supply mass goods to supermarket retailers. With fewer ways to achieve differentiation in the market, most new microbrewery entrants offer similar products but lack sufficient funding to compete against the well-established brewery. Which strategy could new microbrewers employ? Explain your answer.

- 111) In late June 2020, Uber consummated a deal to purchase Postmates, a mobile food delivery service, for about \$2.6 billion, as the on-demand food delivery market had consolidated and Uber sought for new ways to make money. The tie-up was expected to bolster Uber's delivery business, Uber Eats, and help the company compensate for the cratering of its core ride-hailing business, which had collapsed in many cities because of the COVID-19 pandemic in 2020. Food delivery was not yet profitable, but demand had soared while restaurants were closed and people were primarily dining at home. What type of strategy—proactive or emergent—did Uber use to try and regain a competitive advantage?
- 112) A mobile on-demand transportation company with an established brand name uses a unique mobile app and GPS mapping technology to reduce the time for drivers to pick up passengers and take them to their destinations. It then gives the mobile apps away free to all riders. Which of the five generic strategies is this company using?
- 113) A dining facility with multiple branches caters to newlywed couples only. The ambience, special live music arrangements for each couple, and privacy of the dining sections have become a rage among newlyweds. Which of the five generic strategies has the company used?

- 114) LinkedIn specializes in social networking for businesses and recruiters. Which of the five generic strategies is LinkedIn employing?
- 115) An electronic chip manufacturer has a quarterly release of its products. What can you say about its strategy?
- 116) A data storage company realizes that its facilities are used mostly by financial institutions. It capitalizes on the opportunity and starts storing specific financial information only and is now one of the most sought-after financial databases. What strategy has the company employed?
- 117) An established company in a market decides to donate a part of its profits to a children's charity to improve its market image. Soon after, it launches a website that offers new clothes, accessories, and books that could be donated to various children's charities by interested parties. The company gained positive publicity and its sales went up. What would you say about this strategy?

- 118) Keurig, a coffee machine manufacturer, sells high-quality espresso machines at a very low price but provides low-cost refills of varietal coffee pods at a relatively higher price than rivals. Explain this business model.
- 119) A pizza maker manufactures thin-crust pizzas and offers free soft drinks with a pack of four pan pizzas. What can you say about its Value-Price-Cost Framework?
- 120) Waymo is a public, fully autonomous ride-hailing service. Riders can use the Waymo One app to hail one of its autonomously driven vehicles (with no human driver in the front seat!) 24 hours a day, 7 days a week. The company promotes its rides by saying, “Whether it’s for a fun night out or just to get a break from driving, our riders get a clean vehicle every time and a driver with more than 20 million miles of experience on public roads.” Waymo currently offers its first-time riders a 20 percent discount over rival ride-hailing companies, Lyft and Uber. What can you say about this new entrant’s prospects for long-term success?

121) During the COVID-19 pandemic, the news for American meat processors was dire. The coronavirus sickened and killed their workers, restaurants ran out of beef, and pork processors were forced to dispose of their stock due to closed processing plants. The meat industry's troubles were thought to have provided a boost for plant-based meat substitutes, which had a jump of 35 percent in sales from February through May 2020. Impossible Foods and Beyond Meat both made products that look, cook, and taste similar to conventional meat. But their supplies are steady—and even increasing. Their factories were considered to be safer than traditional meat plants, with no coronavirus outbreaks among workers. While their meat substitute products traditionally cost more than conventional meat at the grocery stores and restaurants, these companies were able to take advantage of the situation to present a bigger value proposition to consumers. What winning strategies could account for Impossible Foods's and Beyond Meat's becoming standout performers in the marketplace?

122) Explain why some companies get to the top of industry rankings and stay there, while others do not.

- 123) In March 2023, CVS Health finalized its acquisition of the home healthcare company Signify Health, which aims to accelerate value-based care and improve health outcomes. “This transaction advances our value-based care strategy by enhancing our presence in the home,” said CVS Health President and CEO Karen S. Lynch. “Our expanded capabilities will bring us closer to the consumer as we continue to redefine how people access and experience care that is more affordable, convenient and connected.” The combined company will work to improve care delivery capabilities, lower costs, improve levels of engagement, and enable broad access to high-quality care, especially for Medicare Advantage customers. Signify Health clinicians can have an even greater impact by engaging with CVS Health’s unique collection of assets and connecting consumers to care how and when they need it. What type of generic strategy is CVS health using to sustain a competitive advantage?
- 124) A new entrant in a market dominated by established players introduces itself with copycat products of another competitor. Would this strategy work in the long-term for this new entrant? Justify your answer.
- 125) Describe the key elements of Amazon’s strategy since 2022 that set the company apart from rivals.

126) Supposing you were hired as a consultant to Airbnb, the online hospitality service company, to help them enter the car rental market via acquisition. The company provides a mobile application (app) that enables users to list, discover, and book unique accommodations across the world. Which of the following companies would provide the best strategic fit for Airbnb? Explain your reasoning.

- Turo, which allows car owners to rent their personal vehicles (or vehicles acquired specifically for Turo rentals as a host) and whose fixed costs are primarily associated with developing software for computers, tablets, and smartphones.
- Zipcar, a round-trip car-sharing network that allows subscribers to access cars on demand by the hour or by the day, the lease expense to provide dedicated parking spaces for its rental fleet.
- Enterprise Rent-A-Car, which provides car and truck rentals to travelers, auto repair customers, and customers needing local transportation through a network of over 8,500 airport and neighborhood locations worldwide, and whose fixed costs are primarily associated with acquiring and maintaining a fleet of 1.85 million cars and trucks.

127) Marc Anthony Group, Incorporated, a well-established manufacturer and marketer of White Claw hard seltzer, offers lower-priced products to powerful supermarket buyers at widespread locations and has loyal distributors that supply mass goods to supermarket retailers. With fewer ways to achieve differentiation in the market, most new hard seltzer entrants offer similar products but lack sufficient funding to compete against the well-established rival. Which strategy could new entrants into the hard seltzer market employ? Explain your answer.

- 128) Under what circumstances would it be unwise for the managers of Double Decker Lanes, a local bowling alley, to drastically modify their company's strategy?

Answer Key

Test name: Chapter 01

- 1) B
- 2) A
- 3) D
- 4) A
- 5) D
- 6) E
- 7) E
- 8) E
- 9) B
- 10) B
- 11) C
- 12) D
- 13) E
- 14) D
- 15) C
- 16) A
- 17) C
- 18) D
- 19) E
- 20) E
- 21) D
- 22) E
- 23) E
- 24) B
- 25) D
- 26) D
- 27) D
- 28) A
- 29) E
- 30) A
- 31) A
- 32) C
- 33) B
- 34) D
- 35) D
- 36) C
- 37) D

- 38) B
- 39) A
- 40) C
- 41) A
- 42) A
- 43) E
- 44) B
- 45) B
- 46) E
- 47) B
- 48) A
- 49) D
- 50) E
- 51) D
- 52) D
- 53) B
- 54) D
- 55) B
- 56) A
- 57) B
- 58) C
- 59) B
- 60) E
- 61) A
- 62) C
- 63) B
- 64) D
- 65) C
- 66) A
- 67) A
- 68) C
- 69) D
- 70) B
- 71) D
- 72) E
- 73) B
- 74) E
- 75) A
- 76) E
- 77) E

- 78) A
- 79) C
- 80) C
- 81) A
- 82) E
- 83) C
- 84) B
- 85) E
- 86) Essay
- 87) Essay
- 88) Essay
- 89) Essay
- 90) Essay
- 91) Essay
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- 128) Essay