

3M3001

Roll No. _____

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M. B. A. III Sem. (Main) Exam., Jan. 2016
M-301 Business Policy & Strategic Management

Time: 3 Hours

Maximum Mark

Min. Passing Mark

Instructions to Candidates:

- (i) *The question paper is divided in two sections.*
- (ii) *There are sections A & B. Section A contains 6 questions out of which the candidate is required to attempt any 4 questions. Section B contains short case study / application based question which is compulsory.*
- (iii) *All questions carry equal marks.*

1. NIL

2. NIL

SECTION-A

- Q.1 What do you mean by strategic management ? Discuss the strategic management process. [14]
- Q.2 In your opinion, what is the single major benefit of using a strategic management approach to decision making ? Justify your answer. [14]
- Q.3 'Strategy making requires person with vision, while strategy implementation requires a person with administrative ability'. Critically comment on the statement with respect to implementation of strategy. [14]
- Q.4 Explain the importance of evaluation and control in strategy making process. [14]
- Q.5 Briefly discuss the concept and relevance of porter's five forces framework. [14]

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- Q.6** Explain different types of resources involved in Internal Analysis and discuss their strategic importance. Also explain the relationship between resources, competencies and competitive advantage with suitable examples. [14]

SECTION-B

- Q.7** Read the following case and answer the questions given at the end:

KFC (Kentucky Fried Chicken) is a fast food restaurant chain that specializes in fried chicken and is headquartered in Louisville, Kentucky, in the United States. It is the world's second largest restaurant chain (as measured by sales) after McDonald's, with 18,875 outlets in 118 countries and territories as of December 2013. The company is a subsidiary of Yumi Brands, a restaurant company that also owns the Pizza Hut and Taco Bell chains.

KFC was founded by Harland Sanders, an entrepreneur who began selling fried chicken from his roadside restaurant in Corbin, Kentucky, during the Great Depression. Sanders identified the potential of the restaurant franchising concept, and the first "Kentucky Fried Chicken" franchise opened in Utah in 1952. KFC popularized chicken in the fast food industry, diversifying the market by challenging the established dominance of the hamburger. By branding himself as "Colonel Sanders," Harland became a prominent figure of American cultural history, and his image remains widely used in KFC advertising. However, the company's rapid expansion saw it overwhelm the ageing Sanders, and in 1964 he sold the company to a group of investors led by John Y. Brown, Jr. and Jack C. Massey.

KFC was one of the first fast food chains to expand internationally, opening outlets in the United Kingdom, Mexico, and Jamaica by the mid-1960s. Throughout the 1970s and 1980s, KFC experienced mixed fortunes domestically, as it went through a series of changes in corporate ownership with little or no experience in the restaurant business. In the early 1970s, KFC was sold to the spirits distributor Heublein, who were taken over by the R.J. Reynolds food and tobacco conglomerate, who sold the chain to PepsiCo. The chain continued to expand overseas however, and in 1987 KFC

became the first Western restaurant chain open in China. The chain has since expanded rapidly in China, which is now the company's single largest market. PepsiCo spun off its restaurants division as Tricon Global Restaurants, which later changed its name to Yum! Brands.

KFC's original product is pressure fried chicken pieces, seasoned with Sanders' recipe of 11 herbs and spices. The constituents of the recipe represent a notable trade secret. Larger portions of fried chicken are served in a cardboard "bucket," which has become a well known feature of the chain since it was first introduced by franchisee Pete Harman in 1957. Since the early 1990s, KFC has expanded its menu to offer other chicken products such as chicken fillet burgers and wraps, as well as salads and side dishes, such as French fries and coleslaw, desserts, and soft drinks, the latter often supplied by PepsiCo. KFC is known for the slogan "finger lickin' good," which has since been replaced by "Nobody does chicken like KFC" and "So good."

In December 2013, there were 361 KFC outlets in India. As well as the standard KFC offerings, the chain sells a chickpea burger, a paneer burger, hot wings with chilli lemon sprinkles and other country-specific products. A major franchise holder is QSR Brands (M) Holdings, which operated 26 outlets as of 2012.

The first Indian KFC was a two-storey outlet on the fashionable Brigade Road in Bangalore in June 1995. According to journalist Michael White, the company could not have chosen a "more difficult venue for its maiden entrée into the country." Bangalore housed the headquarters of the Karnataka Rajya Raitha Sangha, one of the most influential, vocal and anti-foreign investment farmers' associations in the country. The first outlet suffered protests from left wing, anti-globalisation and environmental campaigners, as well as local farmers, who objected to the chain bypassing local producers. Many Indians were concerned about the onslaught of consumerism, the loss of national self-sufficiency, and the disruption of indigenous traditions. The protests came to a head in August 1995, when the Bangalore outlet was repeatedly ransacked. The KFC outlet in Bangalore demanded, and received, a police van permanently parked outside for a year. The outlet was closed on September 13, 1995 by local authorities, who claimed the company used illegally high amounts of

monosodium glutamate (MSG) in its food. The outlet re-opened a few hours later as the result of an appeal by KFC to the Karnataka High Court. The company stated the recipe was no different than used in any other KFC store. Rural activist M.D. Nanjundaswamy claimed KFC would adversely affect the health of the impoverished, by diverting grain from poor people to make the more profitable animal feed. Former environment minister Maneka Gandhi joined the anti-KFC movement. A second outlet opened in Delhi, but was closed by the authorities through out November, purportedly for health reasons, but more likely to avoid a repetition of the Bangalore incident. The Delhi outlet soon closed permanently.

KFC began to expand outside of Bangalore in 2004, with a localized menu that was the most extensive meat-free menu across the chain's worldwide operations. It introduced a vegetarian menu that included rice meals, wraps and side dishes and, like McDonald's, served eggless mayonnaise and sauces. Unnat Varma, Marketing director of KFC India, states "The vegetarian offerings have made the brand more relevant to a larger section of consumers and that is necessary for KFC's growth." KFC also began using Indian spices and cooking techniques to localize its chicken dishes. By 2008-09, KFC operated 34 outlets in India. In 2014, KFC launched the "So Veg. So Good" menu as part of an India-specific promotional strategy focused on enhancing their vegetarian range. Dhruv Kaul, marketing director of KFC India, stated, "The So Veg, So Good menu launch does not mean that we are moving away from our core chicken offerings. It enhances and strengthens our existing vegetarian range and helps broaden the brand's relevance in a diverse country such as India."

- (a) Discuss the SWOT Analysis of KFC. [4]
- (b) Name and describe the four product/market expansion grid strategies. KFC is now rolling out a new Kentucky Grilled chicken line to add to its traditional fried chicken lineup. Which growth strategy does this represent ? [6]
- (c) Discuss the challenges and prospects for KFC in India. [4]