
Q. 1 Define the following: (1X4=4 Marks)

- a) Business Model
- b) Strategic Management
- c) Mission
- d) Product Proliferation

Q.2 According to the porter's model, rivalry among the competitors is very important and should be analyzed carefully. Discuss any three factors which have a major impact on the intensity of rivalry among established companies within an industry. (6 Marks)

Q. 3 Companies in an industry often differ significantly from one another with regard to the way they strategically position their products in the market. As a result of these differences, within most industries, it is possible to observe groups of companies in which each company follows a strategy that is similar to that pursued by other companies in the group, but different from the strategy pursued by companies in other groups. Discuss the strategic implications of these different group in the industry with suitable example. (5 Marks)

Q. 4 What do you understand by the blue ocean strategy. Discuss the application of ERRC grid of blue ocean strategy with suitable example. (1+2=3)

Q. 5 Nordstrom is one of American's most successful fashion retailers. John Nordstrom, a Swedish immigrant, established the company in 1901 with a single shoe store in Seattle. From the very start, Nordstrom's approach to business was to provide exceptional customer service, selection, quality, and value. This approach remains Nordstrom's hallmark today. The modern Nordstrom is a fashion specialty chain with 240 stores in 31 states. Nordstrom generated almost \$12.5 billion in sales in 2014 and makes consistently higher-than-average returns on invested capital. Its return on invested capital (ROIC) has consistently been in the mid-teens to low 20s, and was 16.3% in 2014—strong performance for a retailer. Nordstrom is a niche company. It focuses on a relatively affluent customer base that is looking for affordable luxury. The stores, located in upscale areas, have expensive fittings and fixtures that convey an impression of luxury. The stores invite browsing. Touches such as live music played on a grand piano help create an appealing atmosphere. The merchandise is fashionable and of high quality. What truly

differentiates Nordstrom from many of its rivals, however, is its legendary excellence in customer service. Nordstrom's salespeople are typically well groomed and dressed, polite and helpful, and known for their attention to detail. They are selected for their ability to interact with customers in a positive way. During the interview process for new employees, one of the most important questions asked of candidates is their definition of good customer service. Thank-you cards, home deliveries, personal appointments, and access to personal shoppers are the norm at Nordstrom. There is a no-questions asked returns policy, with no receipt required. Nordstrom's philosophy is that the customer is always right. The company's salespeople are well compensated, with good benefits and commissions on sales that range from 6.75% to 10% depending on the department. Top salespeople at Nordstrom have the ability to earn over \$100,000 a year, mostly in commissions. The customer service ethos is central to the culture and organization of Nordstrom. The organization chart is an inverted pyramid, with salespeople on the top and the CEO at the bottom. According to CEO Blake Nordstrom, this is because "I work for them. My job is to make them as successful as possible." Management constantly shares anecdotes emphasizing the primacy of customer service at Nordstrom in order to reinforce the culture. One story relates that when a customer in Fairbanks, Alaska, wanted to return two tires (which Nordstrom does not sell), bought some time ago from another store once on the same site, a sales clerk looked up their price and gave him his money back! Despite its emphasis on quality and luxury, Nordstrom has not neglected operating efficiency. Sales per square foot are \$400 despite the large, open-plan nature of the stores, and inventory turns exceed 5 times per year, up from 3.5 times a decade ago. These are good figures for a high-end department store. Management constantly seeks ways to improve efficiency and customer service; recently, it put mobile checkout devices into the hands of 5,000 salespeople, eliminating the need for customers to wait in a checkout line.

- a) What is Nordstrom's segmentation strategy? Who does it serve? (2 Marks)
- b) Using the Porter model, which generic business-level strategy is Nordstrom pursuing? (2 Marks)
- c) What is the source of Nordstrom's long-term, sustainable competitive advantage? What valuable and rare resources does Nordstrom have that its rivals find difficult to imitate? (3 Marks)