The Strategy Experience – Testbank Questions

Phase 1

1. Which TWO of the following changes are most likely to have an adverse impact on WRSX's opportunities in the external environment?
   a. Continuing low interest rates
   b. Rising oil prices
   c. Growth in the Asia-Pacific region
   d. A downturn in the US economy
   e. The fraud scandal at WSRX
   f. Fluctuating exchange rates

2. Which THREE countries/regions offer the most important growth opportunities for WRSX in the next decade?
   a. USA
   b. Western Europe
   c. Latin America
   d. India
   e. Australasia
   f. North Africa
   g. Sub Saharan Africa
   h. China

3. Which TWO of the following are reasons for brands becoming more important for fmcgs?
   a. Innovative and differentiated products command a price premium
   b. Price competition and low cost are frequently a source of competitive advantage
   c. Consumers in emerging markets are increasingly aware of, and interested in, brands
   d. There is a shift towards 'Generation Y' values

4. Match the following terms to the most appropriate definition.
   TERMS:
   1) **Lobbying; 2) Direct Marketing; 3) Relationship Marketing; 4) Public Relations**
   a. The practice of managing the flow of information between an organisation and the different groups it interacts with.
   b. The practice of influencing decisions made by Governments and other decision makers.
   c. The practice of sending marketing messages to customers without intervening media and these messages are focussed on driving sales by eliciting sales responses.
   d. The practice of building longer term value by increasing customer retention and satisfaction.

5. A 'value based' compensation system for advertising agencies involves which of the following?
   a. Paying only for billable hours spent on creating advertising for the client
   b. Paying a set % of the total value of the media spend on the advertising
   c. Paying performance related fees for advertising that adds to the clients profits in measurable terms
   d. Paying a set % of the total brand revenue earned by the brand in that year.

6. Compared to the industry average, WSRX's initial financial position shows which of the following?
   a. Better than average ROCE and higher gearing
   b. Better than average ROCE and lower gearing
   c. Worse than average ROCE and higher gearing
   d. Worse than average ROCE and lower gearing.

7. WSRX has a better than average score on which of the following NFPIs?
   a. Leadership capability and Client attraction & retention
   b. Management of growth and Management of risk
   c. Management of growth only
   d. Client attraction & retention only
   e. Management of Risk and Leadership capability

8. Match the following analysis techniques to the most appropriate strategic issue.
   ANALYSIS TECHNIQUES:
   1) Value chain analysis; 2) Strategic group analysis; 3) 5 Forces analysis; 4) Stakeholder analysis
   a. Understanding the basis of competition within the industry and which agencies compete most closely with each other
   b. Understanding where agencies create competitive advantage through their activities
   c. Understanding the competitive threats faced by agencies within their markets
   d. Understanding the expectations and influence of different interest groups within, and external to, the agencies.

9. Which TWO of the following are the most important Corporate Social Responsibility (CSR) issues for WSRX to deal with?
   a. Finding new growth markets to enter
   b. Reducing the carbon footprint of the business
   c. Improving service levels to clients
   d. Cutting costs
   e. Improving governance and ethical standards.

10. Match the following PESTEL elements to the environmental change they are most closely related to.
    PESTEL ELEMENT: 1**) Economic; 2) Social; 3) Political; 4) Technological**
    a. The growing use of digital media and the internet by target customers
    b. The growing importance of the 'grey' market
    c. The growth of opportunities in Eastern Europe as the EU expands
    d. The threat of a prolonged reduction in the GDPs of economies in the West.

11. WRSX has a good reputation in which THREE of the following sectors?
    a. Automotive and transport
    b. Banking and financial services
    c. Health and pharmaceuticals
    d. Construction
    e. Telecommunications
    f. Food, drink and tobacco

12. WSRX's initial current ratio is which of the following?
    a. More than 1 and therefore healthy
    b. More than 1 and therefore a cause for concern
    c. Less than 1 and therefore healthy
    d. Less than 1 and therefore a cause for concern.

The Strategy Experience – Testbank Answers

Phase 1

1) b) Rising oil prices
   d) A downturn in the US economy

2) d) India
   f) North Africa
   h) China

3) a) Innovative and differentiated products command a price premium
   c) Consumers in emerging markets are increasingly aware of, and interested in, brands

4) 1) Lobbying = b
   2) Direct Marketing = c
   3) Relationship Marketing= d
   4) Public Relations = a

5) c) Paying performance related fees for advertising that adds to the clients profits in measurable terms

6) c) Worse than average ROCE and higher gearing

7) d) Client attraction & retention only

8) 1) Value chain analysis = b
   2) Strategic group analysis = a
   3) 5 Forces analysis = c
   4) Stakeholder analysis = d

9) b) Reducing the carbon footprint of the business
   e) Improving governance and ethical standards.

10) 1) Economic = d
    2) Social = b
    3) Political = c
    4) Technological = a

11) a) Automotive and transport
    c) Health and pharmaceuticals
    e) Telecommunications

12) d) Less than 1 and therefore a cause for concern.