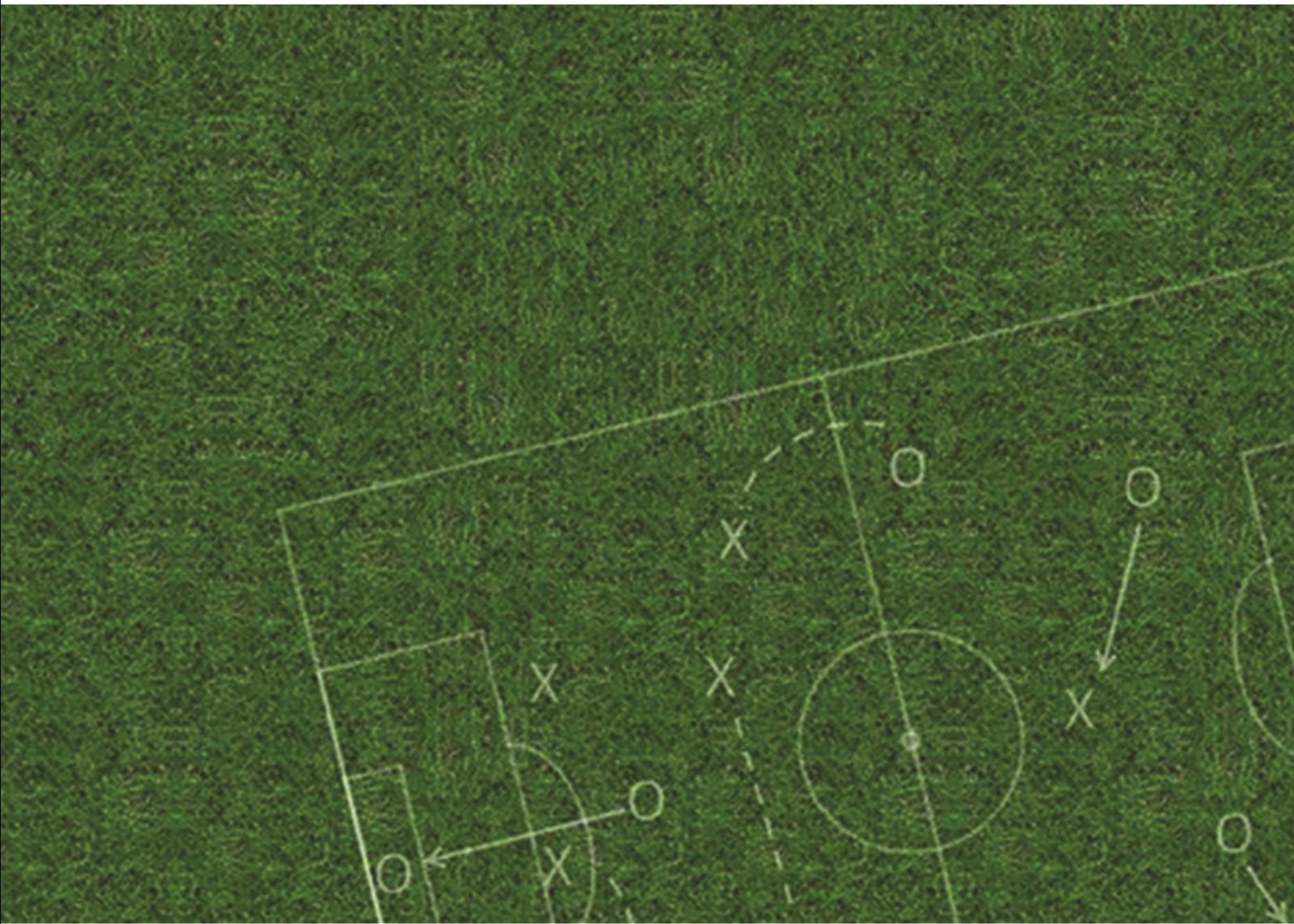
SHORT CASES FOR

BUSINESS STUDIES



SYED TABREZ HASSAN

Short Cases For Business Studies

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Short Cases For Business Studies

By

Syed Tabrez Hassan

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Dedicated to my family members,

my mentors and my students

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Preface

Cogito ergo sum (meaning I think, therefore I am), said the famous philosopher René Descartes.

Learning is a constant phenomenon. We have a traditional practice of learning through story telling from ancient times. The management learning through case studies is an extended part of the same. We try to learn from the happenings around us and add it to our learning curve.

Cases included here is short in nature keeping the time constraint of a class room in the mind. We tried our best to include those short cases which can be discussed in a single lecture hour for learning.

In this era technology companies are shaping the industry and creating new business model. Keeping this in our mind we have included contemporary short cases of technology based company too

These cases are written either from personal observation, industry interaction or published sources.

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Brief Guidelines For Case Analysis

1. Resources are limited to every business organizations. Make sure of assessment of available resources of the company before we analyze the decisions.
2. Our analysis and decision making should be aligned with company's future goal.
3. Every case analysis can have multiple perspectives and multiple answers. Choose your perspective right and suggest your decision accordingly. If your mentor insists on a specific problem analysis, stick to the same.
4. Timeline of case is important. Year of incidents discussed in the case should be taken care.
5. If a certain company or industry is unknown to you then a basic homework should be done to get familiar with those. (Internet is the best remedy).
6. All managers make decisions within their own unique context. Identify the context of the key decision-maker in this case-study then proceed for the analysis.
7. At the beginning of every case a guideline table is added. It helps in "case perspectives", understanding timeline or if any relevant information is worked upon. Few cases are also followed by suggested discussion question. Otherwise it is totally up to the mentor how he/she want to take the discussion forward.
8. Remember "there is no wrong answer if it justifies the available constraint of any situation"

9. We can give better suggestions rather than using deceptive lines like “Price can be reduced or discounts should be offered” or “Customer satisfaction should be increased” or “Optimum use of resources should be done”.

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1

Ginger Hotels – The Unseen Competition

Information Table: **Title:**	Ginger Hotels – The unseen competition
Case perspectives (Means, the case can be discussed in these topics)	General Management, Turnaround strategy, Hospitality management, Balance score card, 7Ps of Services Marketing etc
Timeline	Year 2014
Geographical location	India
Suggested HW before case analysis	A. Search about unorganized hotel industry and their pricing model B. These days, shared economy is thriving. Brands like AirBnb, Trivago Oyo rooms, Stayzilla etc has started unique business models. Search about those and compare with traditional players like Ginger hotels

Ginger Hotels – The Unseen Competition

"We provide smart, clean and safe hospitality offerings by adopting Gen next-practices that constantly enhance value for our patrons. We are driven by respect for people and nature and passion for our stakeholders."

– Mission

Ginger hotels are following the above mission line constantly. Current CEO, Mr. P K Mohan Kumar, is aiming for increase in market share and as per his plan – "There is a huge potential in the branded budget hotel segment. Currently, there are about 7,000-8,000 rooms in this category, of which we have 20-30 per cent share. We are aiming for 50-60 per cent of this segment by FY'17,"

Introduction:

Ginger is an Indian hotel chain, established by Roots Corporation Limited. It is a part of the Tata Group, with a new brand under a category called "Smart Basics Hotels". The first hotel was opened in Whitefield, Bangalore in June, 2004. Roots Corporation Limited is a fully owned subsidiary of The Indian Hotels Company Limited (IHCL), part of the Tata Group.

Business Model:

As company is running on Low Price-High value proposition, they are facing challenges at back end at operation's cost. Even though it's a budget hotel, customer expectation is more or less the same, and customer satisfaction is of paramount importance in a hotel industry. Ginger's is facing competition from other budget hotels like Formule1, Hampton, and Holiday Inn Express. However, the competition is more from the unbranded family run hotel business, which thrives in the budget space. They have more flexibility to play on offered price.

As per Mr. Kaushik Vardhan, managing director, HVS India “There is tremendous potential for brands like Ginger, currently the largest player in the economy segment. There are several other brands also entering this space and there will be significant competition going forward. For Ginger to compete effectively, it will need to ensure its product is in line with the other brands,"

Ginger’s average room rate (ARR) is Rs. 1,600. The age group of guests in this sector is generally below 40 years. At this price point, they are looking for good service and hygiene, which doesn’t mean only warmth, but efficiency in the whole experience. To make the Ginger model sustainable, ideally, average occupancy should be 70-80% around the year. The brand should not only focus on revenue growth but also on cost management. Ginger is striving hard to bringing up the quality. Last fiscal year, company has earmarked around 15% of its sales towards this exercise. Besides, upgrading items like showerhead, desktop, lighting fixtures, television sets, one of the main focus areas has been operational efficiency of the staff.

With the company making a loss of Rs 1.38 crore for year ending March 2013, a turnaround is what it really needs.

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2

Airasia In Indian Territory

Information Table: **Title:**	AirAsia in Indian territory
Case perspectives (Means, the case can be discussed in these topics)	Foreign Investment in India, Porter five forces analysis, STP analysis of Marketing, Basics of mergers and acquisitions etc.
Timeline	Year 2013
Geographical location	India
Suggested HW before case analysis	A. Read about Indian aviation sector and existing competition. B. Competition may come from other mode of transport too. C. Search is there any other existing competitor at the price point and service quality of Air Asia. D. Try to gather information about basics of financial performance of few Indian players.

Airasia In Indian Territory

Come 2013, and Indian aviation industry was opened for foreign players. Even though, a 49% FDI will give entry to foreign players only with a partnership route, however, it will give rise to competition to Indian aviation companies in their home turf. First deal was done by Etihad Airlines with Jet Airways but very soon, India saw a new deal by low-cost airline called AirAsia.

Introduction:

AirAsia Berhad (Bhd is used to indicate a private limited company in Malaysia) is a Malaysian low-cost airline headquartered in Kuala Lumpur. Air Asia was incorporated on December 20 1993, but began flying only three years later. Originally it was owned by a conglomerate DRB-HICOM which was a government owned company. This was incorporated in 1980 as the The Heavy Industries Corporation of Malaysia Berhad (HICOM) and later merged with another government owned firm Diversified Resources Berhad (DRB) to form the biggest conglomerate in Malaysia. After merger, this company became one of the Malaysia's leading corporations, involved in the automotive manufacturing, assembly and distribution industry. Until now, its only Indian connection was an alliance with Tata Auto group. Tata export their vehicle as complete knocked down units (CKD) in Malaysia and DRB-HICOM assembles them back to sell them in Malaysian markets.

Financial Troubles:

Under the aegis of DRB-HICOM, company was dwindling and shown losses. It was accumulating huge debts and parent company was looking to sell it off. In, Dec. 2011, they found a buyer company Tune Air Sendirian Berhad (Snd Bhd) which was owned by CEO Tony Fernandes. As the world was still reeling under agony of 9/11 World Trade Center attack, it was working as blessing in disguise for CEO, Tony Fernandes. It was believed at that time aircraft leasing costs fell 40%. Also, airline industry was doing few lay-offs, which meant experienced staffs were readily available. It totally aligned with the idea of Tony Fernandes, as he wanted to position its new venture as low-cost or no-frills airline. Interestingly, the selloff deal with Tune Air was done with a token amount of MYR (Malaysian Ringgit, currency) 1 (one) with around $11 million worth of debts.

Warding off the evil:

Since then, with the watchful steps, AirAsia has seen a turnaround and infused the profit back in their balance sheet. By 2005, they have already extended their flying route to Singapore, Indonesia, Macau and China. With increased in-flight frequency, AirAsia increased passenger volume to 13.9 million by 2007. By the year 2012, they were already working with subsidiaries in different countries as AirAsia Japan, Indonesia AirAsia and Philippines AirAsia. In year 2013, they have seen a Y-O-Y increase in profit by 168%. Now, the company’s tagline “Now Everyone Can Fly” was sounding like a reality.

Flying into India:

In 2013, as the Indian government relaxed the FDI norms, AirAsia entered into India with joint venture with Tata group and Telestra Tradeplace. New subsidiary was named as AirAsia India and major share were held by AirAsia (49%). Tata group and Telestra owned 30% and 21% respectively. They appointed Mr Mittu Chandilya as CEO of AirAsia India.

Stating about its entering into Indian market, Tony Fernandes said "In any country that we have gone, we have never experienced an industry that has teamed up against us. Many people don't want us to start, which means that we must be quite good. No one is really a low-cost carrier in India right now. If you look at the fares charged by Indigo, SpiceJet...the common man has not benefited. There is no real low-cost carrier. Deccan was the last one, but that had an unsustainable model."

With its base at Chennai International Airport, AirAsia India is eyeing operations in various tier II and tier III Indian cities. Its entry into Indian market may seem another price war, which would ultimately lead to an increase in air traffic. It may also trigger a consolidation in Indian aviation industry.

As on 24, March, 2014, company has received its first supply of plane from Airbus. Now, they have moved a step closer to starting its domestic operations in India. They are still not sure that how to lure Indian customers and what image should be created in their mind.

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3

Digital Wallets: A Case Study of Paytm In India

Information Table:	
Case perspectives (Means, the case can be discussed in these topics)	Marketing - Consumer segments related with early adopters and innovators, Technology as an external environment, External environment and effect on creating new industry, Introduction stage of PLC, Technology strategy, Technology acceptance model Finance – New mode of banking, Financial Inclusion, Financial cyber security and winning customer confidence. Possibility of industry consolidation etc.
Timeline	Year 2015
Geographical location	India

Suggested HW before case analysis	A. Get familiar with business model of digital wallets company. B. How these companies are different from NBFCs, Banks and Payment banks? C. Assess the effect of external environment here carefully. D. How the service is perceived by the consumers? (image & positioning)

Digital Wallets: A Case Study Of Paytm In India

Introduction

In fiscal year 2014-15, Reserve Bank of India announced plans for financial inclusion in India and issued draft guidelines for setting up small banks and payment banks.

Several companies, especially those in the e-commerce and telecommunication services sector, have come out with digital wallets to help consumers. All we need to do is preload money and we can use it to pay for services or transfer it to other accounts. RBI said they will issue new banking licenses to “differentiated banks” which will act like niche with the common objective. Payment Banks are one of those initiatives taken by RBI in India.

So, these digital wallets can soon apply to become ‘payment banks’, a type of financial institution aimed at “furthering financial inclusion”.

Introduction To Paytm:

Paytm is the flagship brand of One97 Communications Ltd. India which is one of the leading mobile internet company. Founded by Vijay Shekhar Sharma, it is headquartered in New Delhi with regional presence in Bangalore, Chennai, Kolkata, Mumbai, Pune and global presence in Africa, Europe, Middle East and Southeast Asia. According to the company, Paytm is India’s largest digital goods and mobile commerce platform. Paytm is also

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This book is for all those students and mentors who want to learn or teach from case study method. This book can also act like a self-help book for all those who want to challenge themselves for learning of business strategies. Treat these short cases as problems for self learning and try to view and solve from different stakeholders' perspective. Happy Learning.

You may reach author at:
syedtabrez@educreation.in=

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