

## PREVIEW QUESTION BANK

Module Name : imb24-mg01 Platform Business Models-ENG  
Exam Date : 18-May-2024 Batch : 09:00-12:00

Sr. No.	Client Question ID	Question Body and Alternatives	Marks	Negative Marks
Objective Question				
1	13601001	<p>The risk that platform might attract too many users who directly compete with each other, so much so that it begins to kick in negative same-side network effects is known as-</p> <ol style="list-style-type: none"><li>1. Hold-up risk</li><li>2. Crowding and commoditization risk</li><li>3. Integration risk</li><li>4. Data access risk</li></ol> <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>		
Objective Question				
2	13601002	<p>Which of the below platform performs matching, helping both sides get results based on their specific filtering?</p> <ol style="list-style-type: none"><li>1. Justdial</li><li>2. Shaadi.com</li><li>3. Google.com</li><li>4. Amazon.com</li></ol> <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>		
Objective Question				
3	13601003			

Which of the following conditions are essential for having Winner Takes All markets?

- (A). Strong and positive network effects
- (B). High Multi-Homing costs
- (C). Preference for special features

Choose the **correct** answer from the options given below:

1. (A), (B) and (C)
2. (A), (C) only.
3. (A), (B) only
4. (A) only.

A1 : 1

A2 : 2

A3 : 3

A4 : 4

Objective Question

4 13601004

Given below are two statements-

Statement I : Matching platforms capture value by tracking behaviour and preferences of users and based on that provide customised results to their users.

Statement II : Transaction platforms reduce friction in the transactions. It reduces a transaction cost of transacting between the two parties and making sure that the contracts that they entered into are credible.

In light of the above statements, choose the **correct** answer from the options given below.

1. Statement I is correct but Statement II is incorrect
2. Statement I is incorrect but Statement II is correct
3. Both statements are correct
4. Both statements are incorrect

A1 : 1

A2 : 2

A3 : 3

A4 : 4

Objective Question

5 13601005

"Open platform refers to the platform sponsor placing no restrictions on who can participate, who can develop applications on top of the core, commercialize those applications, and use the platform. Four conditions of openness are - No restrictions on who can participate, who can develop, who can commercialize, and who can use the platform." In context of above statement, choose the correct option-

1. Linux is an open platform- all four conditions apply
2. Linus is completely closed platform- none of the four conditions apply
3. Apple App Store is an open platform-all four conditions apply
4. Apple App Store is completely closed platform- none of the four conditions apply

A1 : 1

A2 : 2

A3 : 3

A4 : 4

Objective Question

6 13601006

Platform "Airbnb" provides which of the following primary utilities?

- (A). Discovery
- (B). Matching
- (C). Transaction
- (D). Evaluation

Choose the **correct** answer from the options given below:

1. (A), (B) only.
2. (A), (B) and (C) only.
3. (A), (B), (C) and (D).
4. (B), (C) only.

A1 : 1

A2 : 2

A3 : 3

A4 : 4

Objective Question

7 13601007

Consider the following statement- "There are platforms that provide for reviewing and rating the quality and reliability of products or services or information provided by the users." Which utility is being referred to in the statement?

1. Discovery
2. Matching
3. Transaction
4. Evaluation

A1 : 1

A2 : 2

A3 : 3

A4 : 4

Objective Question

8 13601008

What is a key consideration for value capture in Evaluation platforms?

- 1. Ensuring closed-looped transactions
- 2. Providing extensive supply side access
- 3. Reducing search costs
- 4. Offering verified user ratings

A1 : 1

A2 : 2

A3 : 3

A4 : 4

Objective Question

9 13601009

Platforms that adopt "Coring" strategy should also enable strong relationships between the core value created by the platform and the value added by the compliments so that the users' problems are addressed as a whole. In case of mobile phone, which of the following define platform core?

- 1. WhatsApp
- 2. Apple's iOS
- 3. Paytm App
- 4. Swiggy App

A1 : 1

A2 : 2

A3 : 3

A4 : 4

Objective Question

10 13601010

The focus of the platforms that adopt "Coring" strategy must be on-

- (A). Solving an existential problem for the ecosystem
- (B). Facilitating complimentors to develop add-on products and services around the core
- (C). Protecting the IP - the Intellectual Property of the core within the platform
- (D). Enabling strong relationships between the core value and the value added by the complimentors

Choose the **correct** answer from the options given below:

1. (A), (B) only.
2. (A), (B) and (D) only.
3. (A), (B), (C) and (D).
4. (A), (B) and (C) only.

A1 : 1

A2 : 2

A3 : 3

A4 : 4

#### Objective Question

11 | 13601011

Match **List-I** with **List-II**

List-I	List-II
(A). Coring	(I). Competing in platform wars
(B). Turing	(II). Markets that are dominated by only a few competitors
(C). Multi-Homing	(III). Being active on two different platform simultaneously
(D). Winners Takes all Markets	(IV). Identifying and investing in a set of activities that are fundamental to a market and build a platform around it.

Choose the **correct** answer from the options given below:

1. (A) - (IV), (B) - (I), (C) - (III), (D) - (II)
2. (A) - (I), (B) - (II), (C) - (III), (D) - (IV)
3. (A) - (IV), (B) - (III), (C) - (II), (D) - (I)
4. (A) - (IV), (B) - (III), (C) - (I), (D) - (II)

A1 : 1

A2 : 2

A3 : 3

A4 : 4

## Objective Question

12 13601012

Rajan uses both Uber and Ola app. Sometimes he uses Uber app to book cab and sometimes, he uses Ola. This is an example of-

1. Switching
2. Multi-homing
3. Coring
4. Tipping

A1 : 1

A2 : 2

A3 : 3

A4 : 4

## Objective Question

13 13601013

Consider the following statements with reference to the risk faced by platform might face in the development phase.

Statement I : Integration risk refers to the risk that the users might not want to affiliate with a platform that has the potential to become too powerful and demonstrate opportunistic behaviour.

Statement II : Coordination risk and penguin problems refer to the risk that no users joins unless everyone joins, due to the presence of network effects

In light of the above statements, choose the *correct* answer from the options given below.

1. Statement I is correct but Statement II is incorrect
2. Statement I is incorrect but Statement II is correct
3. Both statements are correct
4. Both statements are incorrect

A1 : 1

A2 : 2

A3 : 3

A4 : 4

## Objective Question

14 13601014

Which of the following are features of contestable markets?

- (A). Cost of entry is negligible, with very little barriers to entry
- (B). Technology is easily available with many players and no economics of scale
- (C). Cost of exit low
- (D). High sunk cost that restricts exit

Choose the **correct** answer from the options given below:

- 1. (A), (B) only.
- 2. (A), (B), (C) and (D)
- 3. (A), (B) and (C).
- 4. (A) and (C) only.

A1 : 1

A2 : 2

A3 : 3

A4 : 4

Objective Question

15 13601015

As competing platforms adopt racing strategy to gain critical mass, the shape of marginal cost of acquiring new customers is-

- 1. U shaped
- 2. Inverted U shape
- 3. Straight line
- 4. Increasing with positive slope

A1 : 1

A2 : 2

A3 : 3

A4 : 4

Objective Question

16 13601016

Platforms where a single firm performs both the sponsor and the providers role refers to-

- 1. Proprietary platforms
- 2. Shared Platforms
- 3. Open platform
- 4. Closed platform

A1 : 1

A2 : 2

A3 : 3

A4 : 4

## Objective Question

17 13601017

Earlier classifieds used to be independent content. Now, this independent content has been enveloped by newspapers. Newspaper provides much larger value than a collection of independent content: classifieds, tender advertisements, sports news, political news etc. This is an example of-

1. Multi-homing
2. Multi-platform bundle
3. Switching
4. Competing platform

A1 : 1

A2 : 2

A3 : 3

A4 : 4

## Objective Question

18 13601018

What is the Objective of business models?

1. Making choices about the firm's future and vision.
2. Defining the boundaries and scope of the firm.
3. Creating, delivering, and capturing value.
4. Analysing the external and internal context of the firm.

A1 : 1

A2 : 2

A3 : 3

A4 : 4

## Objective Question

19 13601019

How do business models help firms become distinctive?

1. By defining their value proposition and value delivery.
2. By setting up monitoring and control systems.
3. By organizing activities and role allocations.
4. By envisioning the firm's future and resources required.

A1 : 1

A2 : 2



A3 : 3

A4 : 4

## Objective Question

20 13601020

What does "Complementarity, Compatibility, and Standards" refer to in the context of network businesses?

1. The ability of products to work together seamlessly.
2. The process of designing hardware and software.
3. The practice of making products exclusive to certain customers.
4. The process of outsourcing product components to multiple suppliers.

A1 : 1

A2 : 2

A3 : 3

A4 : 4

## Objective Question

21 13601021

What is a key characteristic of production in network businesses compared to traditional businesses?

1. Gradual decrease in average cost as production scale increases.
2. Independent scaling of raw material costs with production.
3. Similar cost curve patterns for software and traditional products.
4. Dramatic decrease in average cost as production scale increases.

A1 : 1

A2 : 2

A3 : 3

A4 : 4

## Objective Question

22 13601022

What do multi-sided platforms do differently compared to single-sided platforms?

1. They create multiple product variants on a single base.
2. They focus on positive externalities within a single user group.
3. They intermediate between multiple user groups with distinct demands.
4. They offer simple products without customization options.

A1 : 1

A2 : 2

A3 : 3

A4 : 4

## Objective Question

23 13601023

What sets multi-sided platforms apart from other platform types?

1. Their focus on single user groups with similar demands.
2. Their limited value creation and appropriation frameworks.
3. Their ability to create multiple product variants on a single base.
4. Their intermediation between diverse user groups with distinct needs.

A1 : 1

A2 : 2

A3 : 3

A4 : 4

## Objective Question

24 13601024

What kind of network effects occur when the number of users on one side is directly proportional to the users on the other side?

1. Positive network effects.
2. Negative network effects.
3. Same-side network effects.
4. Right-side network effects.

A1 : 1

A2 : 2

A3 : 3

A4 : 4

## Objective Question

25 13601025

What is the importance of considering the strength of network effects in platform business decisions?

1. It determines the core strategy of the platform.
2. It influences the platform's compatibility with hardware.
3. It can lead to the dominance of the entire ecosystem by certain platforms.
4. It helps in optimizing the manufacturing cost of the products.

A1 : 1

A2 : 2

A3 : 3

A4 : 4

## Objective Question

26 13601026

How are cross-side network effects represented in a network diagram?

1. With curved arrows.
2. Using dollar signs.
3. With two-sided arrows.
4. Using positive and negative signs.

A1 : 1

A2 : 2

A3 : 3

A4 : 4

## Objective Question

27 13601027

What notation is used to represent the subsidy side in a network diagram?

1. Dollar sign (\$).
2. Positive sign (+).
3. Crossed dollar sign (X).
4. Negative sign (-).

A1 : 1

A2 : 2

A3 : 3

A4 : 4

## Objective Question

28 13601028

Why is being the first user on a platform with strong network effects often problematic?

1. The platform usually charges a high joining fee.
2. It implies that the user is desperate or low-quality.
3. It indicates a lack of technological understanding.
4. The platform is likely to have technical issues.

A1 : 1

A2 : 2

A3 : 3

A4 : 4

## Objective Question

29 13601029

Why is introducing fake profiles on one side of a platform not a viable solution to the penguin problem?

1. Fake profiles deter users from joining the platform.
2. Fake profiles often attract unwanted attention from regulators.
3. Fake profiles don't address the quality issue of the platform.
4. Fake profiles create a race to the bottom in terms of quality.

A1 : 1

A2 : 2

A3 : 3

A4 : 4

## Objective Question

30 13601030

Why do platforms often use a combination of strategies to attract users?

1. To ensure strict control over user behavior.
2. To target different demographics effectively.
3. To manipulate user preferences.
4. To eliminate competition from other platforms.

A1 : 1

A2 : 2

A3 : 3

A4 : 4

## Objective Question

31 13601031

Which strategy involves using resources developed for one platform in the creation of a new platform?

1. Leveraging benefits from the ecosystem.
2. Developing new resources specific to the platform.
3. Leveraging existing resources.
4. Attracting superstar users.

A1 : 1

A2 : 2

A3 : 3

A4 : 4

## Objective Question

32 13601032

Why should platforms consider a combination of resource leveraging strategies as they mature?

1. To cut costs and streamline operations.
2. To diversify the types of resources they use.
3. To cut short emerging technologies.
4. To reduce changes in the competitive landscape.

A1 : 1

A2 : 2

A3 : 3

A4 : 4

## Objective Question

33 13601033

To successfully leverage resources from the ecosystem, a platform should:

1. Develop new resources specific to the platform
2. Build a strong brand image
3. Engage with a large network of partners and complementors
4. Have a loyal user base

A1 : 1

A2 : 2

A3 : 3

A4 : 4

## Objective Question

34 13601034

Why is it important to be cautious when using subsidies to attract users?

1. Subsidies can only attract a limited number of users
2. Subsidies are ineffective in attracting users
3. Subsidies can lead to value-destroying users
4. Subsidies can only be used for a short period

A1 : 1

A2 : 2

A3 : 3

A4 : 4

## Objective Question

35 13601035

What distinguishes pricing in platforms from traditional pipeline business models?

1. Pricing is based on users' willingness to pay
2. Pricing reflects the cost structure of the firm
3. Pricing is focused on the product's inherent value
4. Pricing is determined by market competition

A1 : 1

A2 : 2

A3 : 3

A4 : 4

Objective Question

36 13601036

What does the "freemium" pricing model typically involve?

1. Charging low prices for premium features
2. Offering a single fixed-price subscription plan
3. Providing all features for free to attract users
4. Offering both free basic features and premium paid features

A1 : 1

A2 : 2

A3 : 3

A4 : 4

Objective Question

37 13601037

In the context of a hyper-local platform providing home care services, which side is typically subsidized?

1. The demand side (homeowners)
2. The supply side (e.g., plumbers)
3. Both the demand and supply sides
4. Neither the demand nor supply side

A1 : 1

A2 : 2

A3 : 3

A4 : 4

Objective Question

38 13601038

What was the primary reason behind the failure of the Free PC experiment by Free PC dot com?

1. Lack of demand from advertisers
2. Poor-quality PCs provided to consumers
3. Inability to attract consumers
4. High prices for the lock-in strategy

A1 : 1

A2 : 2

A3 : 3

A4 : 4

Objective Question

39 13601039

In the context of event-organizing platforms, which side should be subsidized based on price sensitivity?

1. Event organizers
2. Event attendees
3. Both event organizers and attendees
4. Neither event organizers nor attendees

A1 : 1

A2 : 2

A3 : 3

A4 : 4

Objective Question

40 13601040

Under what conditions do platforms offer products and services at negative prices?

1. Strong lock-in effects among users
2. High switching costs for customers
3. Weak cross-side network effects
4. Industry competition based on innovation

A1 : 1

A2 : 2

A3 : 3

A4 : 4

Objective Question

41 13601041

What question does the Course raise regarding the "cheaper-than-free" models?

1. Are these models sustainable in the long term?
2. Can these models attract high-quality users?
3. Will these models lead to higher competition?
4. How do these models affect industry standards?

A1 : 1

A2 : 2

A3 : 3

A4 : 4

Objective Question

42 13601042

What is a potential challenge associated with providing permanent subsidies?

1. High switching costs for users
2. Difficulty in attracting advertisers
3. Continuous nudge to keep users engaged
4. Frequent changes in service pricing

A1 : 1

A2 : 2

A3 : 3

A4 : 4

Objective Question

43 13601043

What responsibility does a platform have when offering permanent subsidies that involve collecting user data?

1. Exploit the data for additional revenue
2. Maintain low-quality services for the subsidy side
3. Ensure responsible and fair data usage
4. Limit the access of advertisers to user data

A1 : 1

A2 : 2

A3 : 3

A4 : 4

Objective Question

44 13601044



Under what conditions should platforms look to monetize both sides?

1. When the platform is focused on increasing competition
2. When the platform's affiliation costs are high
3. When users can easily switch between platforms
4. When the value charged compensates for reputational losses

A1 : 1

A2 : 2

A3 : 3

A4 : 4

Objective Question

45 13601045

Why is it important to monetize both sides when users can join the platform without fixed costs?

1. To deter users from multi-homing
2. To attract more competitors to the platform
3. To encourage loyalty among users
4. To reduce transaction costs for users

A1 : 1

A2 : 2

A3 : 3

A4 : 4

Objective Question

46 13601046

Why might platforms monetize both sides in markets with very low multi-homing costs?

1. To encourage multi-homing and competition
2. To attract more users to the platform
3. To generate network effects and prevent quick switching
4. To lower transaction costs for users

A1 : 1

A2 : 2

A3 : 3

A4 : 4

Objective Question

47 13601047

What is the importance of extensive access to the supply side in Discovery platforms?

1. It ensures a high number of users on the platform.
2. It guarantees low transaction costs.
3. It maintains data privacy for users.
4. It ensures quality, currency, and relevance of information.

A1 : 1

A2 : 2

A3 : 3

A4 : 4

Objective Question

48 13601048

How is value delivery achieved in Matching platforms?

1. Through access to user preferences
2. Through extensive supply side access
3. Through intermediation capabilities
4. Through reducing search costs

A1 : 1

A2 : 2

A3 : 3

A4 : 4

Objective Question

49 13601049

What is the focus of value creation in Evaluation platforms?

1. Reducing transaction costs
2. Bridging information asymmetry
3. Easing choice making by both sides
4. Reducing search costs

A1 : 1

A2 : 2

A3 : 3

A4 : 4

Objective Question

50 13601050

\_\_\_\_\_ deals with the set of activities involved in building a platform whereas \_\_\_\_\_-refers to the set of activities that help a platform compete in platform wars. Choose the correct option with reference to the strategy adopted by the platform to become platform leaders.

1. Coring, Tipping
2. Tipping, Coring
3. Coring, Complementors
4. Tipping, Multi-homing

A1 : 1

A2 : 2

A3 : 3

A4 : 4