PVP 12

Code: **BA4T5**

II MBA - II Semester - Regular Examinations JULY 2014

INTERNATIONAL MARKETING

Duration: 3 hours Max. Marks: 70 M

SECTION-A

1. Answer any FIVE of the following: 5 x 2 = 10 M

a) International branding
b) International product positioning
c) Competitive advantage
d) Standardization
e) Franchisee
f) Retailing
g) Strategic alliance
h) Market development

SECTION – B

Answer the following: 5 x 10 = 50 M

2. a) How does culture of a country impact the marketing strategy in 'International marketing'. Illustrate with suitable examples.

OR

b) How does political-legal environment impact marketing strategy in International marketing. Illustrate with suitable examples.

3. a) Explain International market segmentation by considering the two-stage segmentation i.e. the 'macro' and 'micro' segmentation.

OR

b) Compare and contrast between 'International market segmentation ' to that of a domestic market segmentation. Explain the complications associated with International market segmentation with an example.

4. a) What are the challenges while deciding a 'channel strategy' in International marketing? Briefly explain the 'channel strategies' adopted by any one company of your choice.

OR

b) Explain with one or two suitable examples, how distribution patterns affect the various aspects of International marketing.

5. a) What are major the challenges of 'product positioning and differentiation' in an international market? Explain with suitable examples

OR

b) Describe various aspects of 'Geographical expansion strategies' adopted by global companies. How can be the concept of 'BCG matrix' applied to geographical expansion strategies

6. a) What are the important factors to be considered for pricing decisions in International market. Illustrate with examples

OR

b) Illustrate with example how the socio-cultural environment of a country may influence promotional activity of a company.

SECTION – C

7. Case Study **1 x 10 = 10 M**

FDI in Retail: Another 'Reform By Stealth' Failure

If the Indian government decides to undo or indefinitely delay its decision to let foreign retailers into the country, as government sources now quietly predict, proponents of modernization will probably blame the opposition political parties and allies of the government like the Trinamool Congress party, as well as small retailers and wholesale traders.

But a portion of the blame should also be set aside for another target: the cloak-and-dagger way in which this and many other free-market policies are often made in New Delhi, a process often described as "reform by stealth." Faced with politically unpalatable proposals, Indian politicians and bureaucrats often go quiet, enact reforms in the dead of the night and then pray that the opposition is either too lazy or preoccupied to react.

Policy makers know that by talking too much about a policy in advance they will galvanize those who will be hurt by the change – in this case retail and wholesale traders – into trying to torpedo the effort. That is why it has taken more than a decade for the government, whether led by the Congress or its chief rival, the Bharatiya Janata Party, to get the proposal on foreign direct investment in retailing even this far.

Raghuram Rajan, the economist at the University of Chicago who advises Prime Minister Manmohan Singh, told me the stealth approach was deeply flawed. "The weakness is that you never sell the reforms," he told me by telephone from New York last week, "and I think that is a problem. You don't build a broader constituency for it."

Like many economists, Mr. Rajan argues that foreign chains like Wal-Mart, Tesco and Carrefour could do lots of good for India's agricultural sector. Agriculture employs about 175 million people directly and sustains nearly half the population, by buying produce directly from farmers and offering them better prices than wholesale traders do now.

But farmers are not well organized, and their voices have often been lost in the din of the much louder criticism by the 33 million employees of retailers and wholesale traders who argue that their businesses would be obliterated by greedy multinational companies.

"In much of reform, the long-run consequence and the deeper consequences are harder to sell," Mr. Rajan said. "What people can see is the most immediate stuff, and they go to town on that."

It's true that in this case India's Commerce Ministry published a discussion paper in July 2010 about foreign direct investment in the retail sector, and 45 groups including associations of traders and business advocacy groups provided feedback. But public officials have engaged in little public discussion about the proposal in subsequent year and a half before Nov. 24th, when the cabinet made its decision.

In that time policy makers could, for instance, have held several televised public hearings in places like Jalandhar, in the northern state of Punjab, which I visited recently to see the impact of a Wal-Mart wholesale outlet on the local traders and farmers. The forums could have been thrown open to traders, farmers, consumers, economists and others to provide feedback on the proposal and offer their experience with Wal-Mart. Like most public events in India, these would have been rowdy and chaotic, but they could have helped the government make the case for reforms — or at least sent a clear signal that India is indeed not ready for foreign retailers.

Earlier this year, Vivek Dehejia, an economist at Carleton University in Ottawa who also writes for India Ink, argued in the Financial Times that the "original sin" of the reforms India enacted during a financial crisis was that the country's leaders, Mr. Singh among them, have never leveled with Indians and made the case for liberal economic reforms.

That may be a big reason why there is no groundswell of support for foreign retailers or many other changes that policy makers would like to push. The upper middle class and corporate India may want Wal-Mart, Target and Ikea to come to India. But the rest of the nation is not convinced. They have never shopped in these stores and don't know what these companies would bring with them. Nobody has bothered to try to convince them, other than their trusty shopkeeper who tells them it will destroy his business.

"This is one of those places," Mr. Rajan said, "where the lack of consensus on where we want to go tends to hurt us."

Unfortunately for India, that is the last thing it needs at a time when the economy is slowing, inflation is running high and private investment both domestic and foreign is falling.

a) Considering the above case situation, explain the major challenges for a foreign company to overcome the policy framework of a country. Examples from the case may be used to illustrate.
b) In a situation like this, which way of 'strategic alliance' would you suggest for a retailer to enter the Indian market and why?