PVP 12

Code: **BA4T5**

II MBA - II Semester - Regular Examinations May 2016

INTERNATIONAL MARKETING

Duration: 3 hours Max. Marks: 70 M

SECTION-A

1. Writ e short notes on any FIVE of the following: 5 x 2 = 10 M
   a. Domestic Marketing.
   b. Licensing.
   c. Direct Exporting.
   d. Multi National Corporations.
   e. Market intermediaries.
   f. Market saturation.
   g. Export costing.
   h. Ethnocentric orientation.

SECTION – B

Answer the following: 5 x 10 = 50 M

2.
   a) What are the regulatory factors affecting International Trade?

   (OR)

   b) What are the technological environmental factors affecting International Trade?
3.
   a) What is the relevance of market segmentation and targeting on International Marketing?

(OR)

b) How is foreign marketing possible without direct investment?

4.

a) Do distribution patterns and structures affect International Trade?

(OR)

b) How do International Marketers select marketing intermediaries in host countries?

5.

a) How can companies establish their brand in the International Market?

(OR)

b) What are the strategies followed to introduce new products in the International Market?

6.

a) How does the International environment influence pricing decisions in the World Market?

(OR)

b) Is the EXIM Policy of India favorable for International Trade? Explain.

SECTION – C

7. Case Study 1X10=10

ABC was one of the three top personal computer manufacturers. With 40% of the market share, it dominated the sector. Its rivals, DEF and XYZ, had 30% and 25% of market share, with numerous small manufacturers making up the rest.

Like its principal rivals, ABC's manufacturing base was in the low cost production economies, namely China. DEF manufactured in Malaysia and XYZ in Taiwan. None of the companies owned the means of production, outsourcing these two approved manufacturers. All manufacturers maintained a rigorous quality control process. ABC practiced a 'standard' pricing policy across the globe, as did XYZ. DEF adjusted its price according to local conditions. All three companies sold globally, although most sales came from the USA, Australia and more affluent Asia Pacific countries. ABC and DEF maintained a regionally based organizational structure, whereas XYZ was more customer-based.

The principle differences between the three manufacturers lay in the marketing of their respective products. ABC used specialist computer stores, DEF used discount electrical retailers and XYZ used direct sales utilizing catalogues, newspapers and the internet. ABC and DEF offered 100% and 90% mark-up respectively to their retailers, whilst XYZ competed on price. Comparisons were difficult due to 'bolt-ons', like software, which were at the discretion of the retail outlet manager. XYZ had to maintain the fulfillment capability. ABC spent heavily on dealer support, mainly on television advertising, DEF on joint advertising with the retailers and XYZ on newspaper and direct mail catalogue advertising. Advertising and promotion budgets were $50 million, $30 million and $25 million for ABC, DEF and XYZ respectively, about 5% of sales value.

Consumers, who were price and product specification conscious, tended to rank after sales services as very important in the purchase decision. From this perspective, ABC easily outsourced its rivals, with XYZ perceived the weakest in that category. ABC mainly targeted the family enthusiast market, DEF the same, but XYZ mainly the institutional market, schools, offices etc.

In 2004, ABC decided to ‘shake up’ the market, with the sole intention of gaining market share from its rivals and establishing its position as number one in the personal computer market. Having reached a new manufacturing volume sales agreement with its Chinese manufacturer, it cut the price of its machines by 20%, targeting its core market and also the institutional market dominated by XYZ. It baked the price cut with a $15 million advertising campaign, emphasizing its service backup, in the trade press, direct mail shots to major institutions like government purchasing agents, hospitals and schools and newspapers. It encouraged direct enquiries to its sales offices, having worked out a deal with its traditional distributors to give them a percentage share of the direct sales revenue.

Case study discussion questions:

1) What are the likely consequences of the global price cutting decision by ABC on
    i. Customer behavior
    ii. Retailer behavior and
    iii. Long-run market share and profitability?

2) How should DEF and XYZ respond to ABC’s price cut?