MBIB 3004

M.B.A. DEGREE EXAMINATION, JUNE 2014.

Third Semester

International Business

GLOBAL MARKETING MANAGEMENT

(2012–13 Batch onwards)

Time : Three hours　　　　Maximum : 100 marks

PART A — ($5 \times 6 = 30$ marks)

Answer any FIVE questions.

All questions carry equal marks.

1. What is International Marketing? And how does it differ from domestic marketing?

2. What is EPRG?

3. Explain the role of a Culture's language in shaping the marketing risk.

4. What is Gross Domestic Product?

5. How does local, international and global product differs?

6. What are the reasons for the success of global brands?

7. What are the advantages of international advertising?

8. What is global retailing?

PART B — ($5 \times 10 = 50$ marks)

Answer any FIVE questions.

All questions carry equal marks.

9. Compare and contrast standardized, concentrated and differentiated global marketing.

10. Identify the five basic segmentation strategies.

11. Discuss the causes of political risk in International Trade

12. Explain how foreign laws can affect the four P's marketing?

13. What criteria should global marketers consider when making product design decisions?

14. Discuss the various types of pricing strategies and objectives available to global marketers.

have a lesser impact on the final price in the local market. Jim mentioned the alternative that none of them wanted to think about. "If we can't compete at those high prices, we may have to give up the market".

Questions :

(a) Evaluate the alternatives that were brought up at the meeting

(b) Are there any other possible courses of action?

(c) Propose and defend a course of action

(d) How would your response differ it, instead of a tariff increase, Latinia had imposed a quota cutting the imports of these products by 75%?

15. Briefly explain various tools of Sales Promotion in international Trade.

16. Briefly discuss the global issues associated with physical distribution and logistics. Cite one example of a company that is making efficiency improvements in its channel or physical distribution arrangements.

PART C — (20 marks)

Compulsory

17. Case study

U.S Pharmaceuticals (USP) is a U.S firm with about 30 percent of its sales outside the United States. USP's concentrates on the ethical drug business but has diversified into animal health products, cosmetics and some patent medicines. These other lines account for about one-fourth of USFs $800 million sales.

USP's international business is conducted in some 70 countries, mostly through distributors in those markets. In six countries, however it has manufacturing or compounding operations. (Compounding refers to the local mixing, assembling, and packaging of critical ingredients shipped from the United States). USP's only Latin American manufacturing/compounding operations in Latinia, a country with a population of about 30 million. Some products are shipped from Latinia to other Latin markets.

USP's Latinian plant is operated by the pharmaceutical division, it is engaged in the production and especially the compounding of USP's ethical drug line. It does no work for other USP divisions (cosmetics, proprietary medicines, and animal health). All the other divisions, which also sell in Latinia, export their finished products from plants in the United States. The Latinian plant employs 330 people, of whom only two are North Americans — the general manager, Tom Hawley and the director of quality control, Frixos Massialas.

USP's cosmetics and toiletries business accounts for $150 million in sales and is handled by a separate division — USP's 70 foreign markets. One of the division's better foreign markets is Latinia, where it has sales of over $8 million and an acceptable market position. Cosmetics and Toiletries has a marketing subsidiary in Latinia to handle its business there. Jim Richardson, an American, heads the subsidiary. The rest of the staff are Latinians.

Jim Richardson was very disturbed by the latest news received from the Latinian Ministry of International Trade. Tariffs were being increased on many "nonessential products" because of the balance-of-payments pressures the country had been experiencing for the past year and a half. For USP's Cosmetics and Toiletries, specifically this meant a rise in the tariffs it pays from 20 percent to 50 percent ad valorem. The 20 percent duty had

posed no particular problem for Cosmetics and Toiletries because of the prestige of the imported product and the consumer franchise it had established. Richardson explained. He believed, however that the 5 percent duty was probably an insurmountable barrier.

Cosmetics and Toiletries competition in Latinia was about evenly divided between local firms and other international companies from Europe and North America. Jim believed that local firms, which had about 40% of the market, stood to benefit greatly from the tariff increase unless the international firms could find a satisfactory response. When Jim received the news of the tariff increase, which was to be imposed the first of October — one week away — he called a meeting to consider what Cosmetics and Toiletries could do. Deborah Neale, manager, Cosmetics marketing, and Emilio Illanes, manager, Toiletries marketing, met with Jim to discuss the situation.

Several different courses of action were proposed at the hastily called meeting. Deborah suggested, "We could continue importing, pay the high duty and change the positioning strategy to appeal to high-price, premium market." Another idea was to import the primary ingredients and assemble and package them in Latinia. (duties on the imported ingredients ranged between 10% and 35% ad valorem). Emilio suggested asking cosmetics and toiletries in the U.S for a lower price on the products shipped to Latinia so that the duty would