CONCURRENT EVALUATION FOR MARKETING SPECIALISATIONIII SEMISTER

INTERNATIONAL MARKETING (313)

Faculty Name: Prof. Dr. Manisha Jagtap

Important Instructions:

1. The subject is evaluated on the basis of two components

Component No	Component	Marks	Date of Submission
1	Written Home Assignments	50	10th November 2024
2	Case Study	50	10th November 2024

2. **Assignments Submission is in hard copy only**.

Student Name, Contact number, email-id, Specialization, Component must be clearly mentioned.

<u>COMPONENT 1</u>: Written Home Assignments

All questions are compulsory and need to be hand written in Assignment sheets.

1. Describe the various reasons why FMCG Company would like to enter international markets. Illustrate with examples.
2. Develop an Ad campaign for an Indian MNC hotel chain launching a 300 room hotel in Dubai from April 2023. How can a hotel market its accommodation in off-season?
3. Explain the concept of EPRG model in the evolution of global marketing. Give suitable examples
4. (a) Suggest a frame work for preparing a marketing plan for export of processed food (Indian Cuisine) to the U.K. and the U.S.A.

   (b) How would you go about selecting a few possible markets internationally for auto components?
5. You have been engaged by an entrepreneur who is willing to export readymade ladies casual-wear from India. Prepare a checklist you would require to assess its export potential. Suggest the sources from where this information can be sought.
6. An Indian company manufacturing cotton fabric is presently operating in the domestic market only. The company now wants to enter foreign markets. What could be the possible benefits for the company? What are the different modes of entry available to the company without any investments in the foreign markets? How can the company go about segmenting the international market?
7. An Indian tractor manufacturer has decided to enter the tractor market in South America. What strategies could in use to reduce the possible effects of political risk?
8. As a newly appointed Export Manager in a cosmetic manufacturing company, you have been asked to visit Oman and Saudi Arabia. Evaluate the impact of culture on your business plans. Briefly describe major incentives presently available to an exporter from India.
9. As a first time exporter of handicrafts, what are the options for receiving payment available to you? Which mode of payment would you prefer and why? Explain various elements of cost for computing export pricing.
10. How would you go about selecting a few possible markets internationally for auto components?

COMPONENT 2: CASE STUDY

Instructions:

1. Do read the case carefully so as to understand the underlying problem.
2. The answer to the question should include your views, take or stand on the issue in your own words, with a solution to the problem from your perspective, supported with valid justification based on the topics covered in the subject syllabus.
3. Case study needs to be solved in Assignment sheets.

CASE 1

A major cereal manufacturer produces and markets standardized breakfast cereals to countries around the world. Minor modifications in attributes such as sweetness of the product are made to cater to local needs. However, the core products and brands are standardized. The company entered the Chinese market a few years back and was extremely satisfied with the results. The company's sales continue to grow at a rate of around 50 percent a year in China and other Asian countries, and based on the market reforms taking place, the company started operations in India by manufacturing and marketing its products. Initial response to the product was extremely encouraging, and within one year the company was thinking in terms of rapidly expanding its production capacity. However, after a year, sales tapered off and started to fall. Detailed consumer research seemed to suggest that while the upper-middle social class, especially families where both spouses were working to whom this product was targeted adopted the cereals as an alternative meal (i.e., breakfast) for a short time, they eventually returned to the traditional Indian breakfast. The CEOs of some other firms in the food industry in India are quoted as saying that non-Indian snack products and restaurant business are the areas where MNCs can hope for success. Trying to replace a full meal with a non-Indian product has less of a chance of succeeding. You are a senior executive in the international divisions of this food MNC having post-graduate qualification in management from IGNOU and several years of experience of operating in various countries in a product management function. You have been appointed head of the fact finding mission to determine answers to these specific questions. What, in your opinion, would be answers to these questions?

(a) Was entering the Indian market with a standardized product a mistake? Justify.

(b) Was it a problem of the product, or the way it was positioned?

(c) Given the advantages to be gained through leveraging of brand equity and product knowledge on a global basis, and the disadvantages of differing local tastes, what would be your strategy for entering new markets?

CASE 2

KFC, a fast - food operator, faced immense resistance from some politically active consumer groups when it opened its operations in India. One group proclaimed that opening KFC outlets in the country would propagate a "junk-food" culture. Others proclaimed that this way " the return of imperialistic powers" and was an attempt to "Westernize the eating habits" of Indians Overzealous local authorities in the city of Bangalore used a city law restricting the use of MSG (a food additive used in the chicken served by KFC) over a certain amount as a pretext for temporarily closing down the outlet, despite the fact that the authorities did not even have the equipment to measure the MSG content in the proportions stated in law. In the capacity city of New Delhi a KFC outlet was temporarily closed down because the food inspector found a "house-fly" in the restaurant. Both of these issues got resolved through hectic consultations with these consumer groups and through legal orders issued protecting the interests of the outlets.

(a) In view of the above situation, critically examine the impact of social and political environment on a firm's operation in international markers.

(b) After completion of your MBA from DIMR, suppose you have been appointed Country Manager (Indian Operations) in KFC, what steps would you take to cope up with the situation?

CASE 3

BMW: Marketing Subsidiaries in Foreign Markets

BMW is a German manufacturer of high-quality motor cars, About half of its sales are in the German market, with the other half from exports. In reappraising Its markets and distribution strategy both in Germany and abroad, the company believed that its multiple layers of distribution were causing inefficiencies in its marketing efforts.

BMW Germany

Originally, BMW had a dual distribution system in Germany. It employed a strong wholesaler system along with direct distribution by BMW to large dealers. This system seemed to work effectively because BMW's market share in Germany doubled in 10 years. However, the company found share competitive distortions with this dual approach. For example, the wholesalers that received the same commission for wholesale transactions as for retails sales had gone into direct competition with retailers. The larger direct dealers sometimes sold more than the wholesalers but received the smaller dealer discount. The problems arising from BMW's distribution strategy caused the company to abolish its German wholesaler network. BMW expanded its direct dealer system to replace the business formerly handled by the wholesalers.

BMW Abroad

The company was planning to initiate a more direct selling method in its foreign markets as well as at home. It realized the need for care in order not to disturb existing import channels. However, the company believed that it was desirable to replace the present independent importers in foreign markets with company-owned marketing subsidiaries. The independent importers buy the cars from Germany and then resell to accredited dealers --- who sell them to the public, In moving to company-owned marketing subsidiaries, BMW was following the international marketing approach of Volkswagen and Daimler-Benz (with Mercedes). One of the major arguments presented for going direct was that BMW could save the 15 percent commission the company paid to its importer distributors in foreign markets.

France

In line with its new policy of more direct distribution in foreign markets, BMW formed its first marketing subsidiary in France. BMW Import SA replaced the former independent French importer (which had been called BMW France but now was renamed SFAM France). SFAM France continued to sell BMW cars to consumers through its retails outlets in Paris and in the provinces. Sales to dealers henceforth were made only by BMW Import SA, the company's wholly owned marketing subsidiary. This seemed to be successful in France.

United States

In implementing its new direct marketing approach in the U.S marker, BMW faced two alternatives. It could either take-over its present U.S. importer-distributor or establish a new and separate BMW marketing subsidiary as in France. The company wondered which of these alternatives would be best for the important U.S. market. BMW had about 250 dealers in the United States.

a) Do you see any disadvantage for BMW in going to direct distribution in foreign markets?

b) What advantages might the company realize by operating through its own marketing subsidiaries?

c) In marketing the decision for the U.S. market, what questions would you ask? What variables would you consider?

CASE 4

Two senior executives of the world's largest firms with extensive holdings outside the home country discusses like Company A: "We are a multinational firm. We distribute out products in about 100 countries. We manufacture in over 17 countries and do research and development in 3 countries. We look at all new investment projects both domestic and overseas, using exactly the same criteria". The execution from company A continues, of course most of the key posts in our subsidiaries are held by home-country nationals. Whenever replacements for those men are sought, it is the practice, if not the policy, to look next to you at the head office and pick someone (usually a home country national) you know and trust. Company B: "We are multinational firm. Only 1% of the personnel in our affiliate companies are non-national. Most of these are US executives in temporary assignments. In all major markets, the affiliate managing director is of the local nationality." He continues "Of course there are very few non-Americans in the key posts at head-quarters. The few we have so Americanized that we usually do not notice their nationality. Unfortunately, you cannot find good foreigners who are willing to live in the US, where our head quarter is located. American executives are more mobile. In addition, Americans have the drive and initiative we like. In fact, the European nationals would prefer to report to an American rather than to some European".

Questions:

a) Which company is truly multinational?

b) What are the attributes of a truly multinational company?

.

CASE 5

IOC has formed a wholly owned subsidiary in Mauritius - Indian Oil Mauritius Ltd. (IOML) with a huge projected investment. The company is setting up a state -of-the art bulk storage terminal at Mer Rouge to stock 24 thousand Metric tons of vital petroleum products, auxiliary and bunkering facility and 25 modern petrol (and Gas) stations. IOML is also in the process of building infrastructure for storage, bottling and distribution of Indane, LPG and market servo lubricants In Mauritius. Besides, IOC has also formed a wholly-owned subsidiary in Sri Lanka - known as Lanka IOC Pvt. Ltd. (LIOC). LIOC took over 100 retail outlets owned by Ceylon Petroleum Corporation in February 2003. It is the only private owned company besides the State-owned Ceylon Petroleum Corporation (CPC) that operates retail petrol stations in Sri Lanka. Building and operating storage facilities at Trincomalee tank farm, LIOC is involved in bulk supply to industrial consumers. In order to facilitate operations of Lanka Indian Oil Corporation Pvt. Ltd. (LIOC), the Government of Sri Lanka has extended the following concessions:

a. A tripartite agreement signed between the Sri Lankan Government, CPC and LIOC guarantees that only three retail players (including CPC and LIOC) will operate in the Sri Lankan market for the next five years.

b. LIOC has also been allowed income tax exemption for 10 years from the date of commencement of operations and a concessional tax of 15% thereafter against the prevailing rate of 35%.

c. The Indian Oil subsidiary has also been granted customs duty exemption for import of project related plant, machinery and equipment during project implementation period of 5 years, besides free transfer of dividend/income to India.

Questions:

i. Critically evaluate the factors affecting IOC'S selection of these entry modes.

ii. If, a single entry strategy need to be adopted which one would be a better strategy? Why?

iii. In view of the emerging economic and political scenario, evaluate IOC'S entry into Sri Lanka as a Wholly Owned Subsidiary.