(47)

SVKM'S
Narsee Monjee Institute of Management Studies (NMIMS)
School of Distance Learning
Year 2009-2010
Semester end examination
SEM III - PGDITM/ADITM

International Marketing Management

DATE :- 31.12.2009 Marks: 100
TIME :- 3 pm to 6 pm. Time: 3 hours

Instructions: Candidates should read carefully the instructions printed on the question paper and on the cover of the Answer book, which is provided for their use

Q1: Attempt any 2 out of any 4: Marks: 10

(I): Differentiate between licensing and franchising?

(II): Explain in brief the concept of International marketing communication?

(III): Role of budgeting in International advertising?

(IV): Define the concept of services? How is it different from product marketing?

Q2: Write short notes on any 3 out of 5: Marks: 15

(I): Consumers role in International marketing?

(II): Role of market size and growth potential in deciding entry strategies for foreign markets?

(III): Explain in brief the steps involved in export pricing procedure?

(IV): Explain the concept of personal selling?

(V): Write a short note on concept of e-business?

Q3: Attempt any 3 out of 5: Marks: 45

--2

(I): An Indian firm desires to export Cars. What orientation, from among the EPRG framework, should the company follow for achieving best results? Justify your answer with examples?

(II): What are the different market targeting strategies? Explain them with appropriate examples?

(III): Describe the phases of the international product life cycle? How does it help in the planning of a product? Explain with examples?

(IV): Describe the functions and importance of packaging? What are the special considerations in packaging and labeling in international marketing?

(V): Explain the concept of International Marketing? What are the reasons for a firm to enter international markets?

Q4: Case Study Marks: 30

Study the case given below and answer the questions given at the end.

ABC Ltd is a New Zealand company manufacturing and supplying milk and related products into South East Asian and Middle Eastern markets. The product portfolio consists of packaged milk, butter, cheese and yoghurts. The total turnover of the company in financial year 2008-09 was NZD 40 million out of which 40% is contributed from exporting butter, cheese and yoghurts. The export prices of products are NZD 2 for a packet of cheese (100 gm), and NZD 1 for butter and yoghurt (100gm). The profitability from present exports is 40% excluding freight costs which are on an average 10% of product sales price. The company has export targets of NZD 12 million in this financial year and has invested NZD 200,000 in production and distribution enhancements in the Middle Eastern markets. However till July 2009 the company has a sales growth of only 2% in the middle eastern markets and is therefore looking at other markets to counter a problem of over production.

Mr. John is the international marketing manager at ABC Ltd, and has been given the task of searching for new markets/ countries to export. The company is hopeful that they can utilize the excess capacity and export to these new markets and generate more profits than in existing markets. John has a long experience of marketing dairy products and knows well that the dairy products exports from New Zealand to Middle east and South east asian countries is already operating at full potential. So instead of adding to the product portfolio he has to search for new markets. He has identified the following markets that have potential and are lucrative to enter:

Sri Lanka & Maldives:
As both countries are islands they have great potential for imported milk products. The market potential is NZD 20 million for butter, cheese and yoghurt. It is easier to enter these markets as they have no import duties on dairy products and there are existing distribution networks for dairy products. It is possible to capture 5% market share in the first year and upto 20% in 3 to 4 years. The product prices are lower by 20% compared to existing export prices. Freight cost is a major component which will take 10% of the market price. Distributors require a 10% profit margin and the initial start up cost is LKR 500,000.

China:
New Zealand products already compete with local products in the Chinese markets. The market size is huge but imported products account for only 10% of the 400 million (NZD) market for butter, cheese and yoghurts. There are no import duties on dairy products and existing distribution networks are in place. It is possible to capture 1% of the market in the first year and upto 4% in 3 to 4 years. The product prices are similar to existing export markets of Middle east and south east asia. The freight cost is a major cost and will take up 6% of the market price. Local distributors require a 20% profit for them and the initial start up cost is CNY 500,000

South Africa and neighboring countries:
New Zealand is already competing in these markets with other countries like Australia. The imported products accounts for 90% of the NZD 50 million butter, cheese and yoghurt market. There are no import duties on the product but the existing distribution network is not very strong. It is possible to capture 5% of the market in the first year and upto 20% in 3 years. Product prices are similar to export markets and the freight cost is just 3%. Distributors require a 20% profit for them.

John is of the opinion that he must enter all the markets at once by investing NZD 1 million on promotions per market per product. While existing players in these markets have local tie-ups who share expenses, John feels there is no need for tie-ups and it's more advisable to go it alone. This is because his study indicates that there is a lack of genuineness on part of local partners towards long term commitments. John also realizes that it is vital to pay attention to promotion and branding strategies in the initial stages.

Assuming you are John:

(I) Analyse each of the markets and determine entry strategies for each of the markets? Justify your answer?

(II) Given the current international scenario which of the 3 markets do you think seems most viable for ABC ltd? Justify with reasoning?

—x—