



UNIVERSITY OF COLOMBO, SRI LANKA

FACULTY OF MANAGEMENT AND FINANCE

Postgraduate & Mid-career Development Unit

Master of Business Administration/Master of Business Administration in Finance/Master of Business Administration in Marketing/Master of Business Administration in HRM

Semester IV First-half Examination – November, 2016

MBAMK 622 - International Marketing

Three (03) Hours

Answer **FOUR (04)** Questions in all including question number **ONE (01)** which is compulsory

This is an open book examination

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01. **IKEA of Sweden founded in 1943** (with headquarters in Netherland) is a multinational group of companies that designs and sells ready-to-assemble furniture, appliances and home accessories with a passion for life at home. Every product which IKEA creates is its idea for making home a better place. IKEA strategy of offering a narrow range of low-cost furniture that the customers themselves select, deliver, and assemble results in a lower price to the consumer. At the IKEA Group, they have 315 stores in 27 countries. The first steps that IKEA took were mainly in western European markets, with the first country entered outside Sweden being Norway and the second Denmark. Following this, IKEA entered Australia and Japan somewhere in 1980 and 2009 respectively.

- i. Critically evaluate these expansions where IKEA first entered Sweden and Norway in its very early period and then Australia and Japan somewhere in 1980 and 2010 respectively. You may support your answer through a suitable graph and stating assumptions if necessary.

(08 Marks)

- ii. Assume you (a Sri Lankan) join IKEA as the chief marketing officer, list the three main challenges you may face in this role. Explain the key competences you think will help you to successfully face those challenges.

(08 Marks)

- iii. Assume you are the chief marketing officer at IKEA. What are the three major global macro forces that will challenge you in the process of doing the international marketing plan for the period up to 2020. Explain briefly why you consider those three forces as important in terms of how each could affect the sustainability of both quantitative and qualitative objectives of IKEA in “making home a better place”. Use a suitable table in this analysis if necessary.

(08 Marks)

- iv. Examine the importance of global marketing research in terms of how it may support IKEA's global operations in managing its global market sustainability and controlling global competitors.

(08 Marks)

- v. Assume that IKEA plans to expand into the Sri Lankan market territory in 2017. List the pros and cons for the host nation under the phenomenon of globalization.

(08 Marks)

(Total 40 Marks)

02. Successful products in the national market often fail in international markets, and products developed for more than one international market often fail at least in some of those.

- i. Describe the various new product development processes for global markets. Which method is most popular in reducing market risks and increasing its success (Support the answer with an example of your choice from the real business environment based on a specific context)

(07 Marks)

- ii. Differentiate between product standardization and product adaptation in designing a product for the global market. Briefly explain how these two complement each other. (Support the answer with an example of your choice from the business environment)

(07 Marks)

- iii. Explain the “role” of new product development process of an MNC in providing a high life standard for its consumers. (Support the answer with an example of your choice from the business environment)

(06 Marks)

(Total 20 Marks)

03. i. The new wave of globalization requires top managers to develop a global mindsets when engaging in international marketing. Drawing examples from the business environment, briefly describe the degree of importance of “global mindsets” in relation to the following.

- a. domestic marketing,
- b. Export marketing,
- c. International marketing,
- d. Multi-domestic marketing.

(08 Marks)

ii. Assume that you are planning to export food products to USA and Saudi Arabia from Sri Lanka. In relation to this, by using Hofstede measures of culture, show how power distance and uncertainty avoidance affect on the following situations.

- a. In developing a new product to Saudi Arabia market.
- b. In setting the international pricing strategy to USA market.
- c. In building business relationships in both Saudi Arabia and USA markets.

(04 Marks each)

(Total 20 Marks)

04.

- i. Explain why information asymmetry increases wholesale and retail prices but reduces direct sale price, and why it tends to create inefficiency in the context of international marketing. Give suggestions as to how would you overcome this type of managerial issues.

You may use a practical situation comprising actual countries to explain this (E.g. from Sri Lanka to USA and China). Also illustrate through a diagram if appropriate.

(10 Marks)

- ii. Assume you are the chief marketing officer for a company based in Sri Lanka covering the developed country markets currently. There are several international institutional agencies in this situation that may influence the business performances across your "host countries".

List three "home country" institutions that your business faces. Explain why "home country institutions are the central components in the evolution of international marketing". Briefly link your explanation to the "ambivalent" nature of the home country's integration with international agencies as part of the global system. (Support your answers with appropriate examples from the business environment)

(10 Marks)

(Total 20 Marks)

05. Assume you are the chief marketing officer of a leading US born automotive firm and decide to exit *only* the Iranian market after two years of its entry which included an establishment of a car manufacturing wholly own subsidiary as part of its entry strategy. In line with this, you are in a position to give up this own subsidiary located in Iran to the Iranian government as an "exit strategy". Based on this, answer the following questions.

- i. Critically evaluate why the necessity for market exit occurred and how they might have avoided it by screening the foreign markets and in the selection of market entry strategy. Use examples or assumptions or table if necessary.

(12 Marks)

- ii. List and briefly explain both strategic and operational consequences of following the exit strategy stated above. Also, recommend a reentry strategy in order to enter Iranian market again at a right time in the future. Justify your recommendation.

(08 Marks)

(Total 20 Marks)

06.

- i. Assume you are the chief marketing officer of a manufacturing company from USA in the global automotive industry for car mechanical maintenance products (global aftermarket parts). What are the three critical aspects you will consider in selecting and locating the successful global distribution channel system? Justify briefly.

(10 Marks)

- ii. As per below table, the Sri Lankan Rupee (LKR) depreciated against the USD and the GBP during the year. However, it is noteworthy that the LKR appreciated against most of the currencies in the tea drinking world.

Currency	1st January 2015	15th December 2015	% Appreciation / (Depreciation)
USD	131.11	140.14	(6.88%)
Euro	159.19	153.89	3.33%
Sterling Pound	204.17	212.56	(4.11%)
Russian Rouble	2.21	2.00	9.50%
Iranian Riyal	0.0048	0.0046	4.16%
Turkish Lira	56.24	47.11	16.23%
Ukraine Hryonia	8.16	5.82	28.67%
Saudi Riyal	34.91	37.34	(6.96%)

Source - Oanda.com - Average bid rate

GraphicsDesk

Adapted from <http://www.ft.lk/article/516083/Tea-industry-s-performance-in-2015-and-prospects-for-2016>

- a. Explain how the above currency appreciation / (depreciation) could have affected the export revenue of the Sri Lankan tea to USA and Russian markets and what Sri Lankan tea exporters could have done to the international pricing of tea for the Russian market during the same period.

(05 Marks)

- b. Briefly explain how the above currency fluctuation could have affected firms in the Sri Lankan tea sector (plantation industry).

(05 Marks)

(Total 20 Marks)