

THE OPEN UNIVERSITY OF SRI LANKA
COMMONWEALTH EXECUTIVE MASTER OF BUSINESS / PUBLIC
ADMINISTRATION DEGREE PROGRAMME
FINAL EXAMINATION – 2012/13
MCP 2613 – INTERNATIONAL MARKETING



DURATION – THREE (3) HOURS

Date: 15th August 2013

Time: 1.30 p.m to 4.30 p.m

Answer ALL questions in Part A (Compulsory) and any FOUR (4) questions in Part B.

Part A carries 40 marks and Part B carries 60 marks.

Incomplete answers and illegible handwriting will face the risk of losing marks.

Read the following and answer all the questions in Part A.

NATIONAL CONTROLS CREATE BARRIERS FOR GLOBAL MARKETING

Many countries attempt to exercise control over the transfers of goods, services, money, people, technology and rights across their borders. Historically, an important control motive was economic: The goal was to generate revenue by levying tariffs and duties. Today, policymakers have additional motives for controlling cross-border flows, including protection of local industry and fostering the development of local enterprise. Such policies are known as protectionism or economic nationalism.

Differing economic and political goals and different value systems are the primary reason for protectionism. The barriers that exist between the United States and Cuba, for example, exist because of major differences between the values and objectives of the two countries. Many barriers based on different political systems have come down with the end of the cold war. However, barriers based on different value systems continue. The world's farmers- be they Japanese, European or American – are committed to getting as much protection as possible from their respective governments. Because of the political influence of the farm lobby in every country, and in spite of the efforts of trade negotiators to open up agricultural markets, controls in trade of agricultural products continue to distort economic efficiency. Such controls work against the driving forces of economic integration.

The price of protection can be very high due to two basic reasons. The first is the cost to consumers: When foreign producers are presented with barriers rather than free access to a market, the result is higher prices for domestic consumers and a reduction in their standard of living. The second cost is the impact on the competitiveness of domestic companies. Companies that are protected from competition may lack the motivation to create and sustain world-class competitive advantage. One of the greatest stimuli to competitiveness is the open market. When a company faces world competition, it must figure out how to serve a niche market better than any company in the world, or it must figure out how to compete in face-to-face competition.

Source: Warren Keegan, *Global Marketing Management*, 7th edition, Prentice Hall, 2008, p.94.

PART A

1. International economic cooperation and integration allows for better trading relationships between countries through the abolition of barriers amongst the relevant countries and imposition of barriers for countries outside the system. Describe the four different stages of economic integration.
(16 Marks)
 2. a) Discuss, using examples, the impact of political and economic factors on a business entity operating internationally.
b) Using suitable examples explain the term "Political Risk".
(14 Marks)
 - c) "The price of protection can be very high due to two basic reasons. The first is the cost to consumers. The second cost is the impact on the competitiveness of domestic companies." Critically evaluate the above statement using examples.
(10 Marks)
- (Total 40 Marks)**

PART B

Answer any 4 questions.

1. Any marketing organisation must adhere to the "18 Guiding Principles of the Marketing Company." Using appropriate examples, discuss the application of any FIVE of these principles by any Sri Lankan marketing organisation involved in international business (you could even consider a hypothetical organization).
(15 Marks)
2. When international businesses want to understand how to choose the best locations for their activities that give them competitive advantage, the "National Diamond" presented by Michael E. Porter is a useful tool. Explain with suitable examples how the National Diamond may be used to identify national competitive advantage.
(15 Marks)
3. Outline Porter's five forces model of industry competition. How are the various barriers of entry identified in this model relevant to a company involved in global marketing? Use appropriate examples to elaborate your answer.
(15 Marks)
4. The form and substance of a company's response to global market opportunities depend greatly on management's assumptions or beliefs about the nature of the world. The world view of a company's personnel can be described as ethnocentric, polycentric, regiocentric or geocentric,

collectively known as the EPRG framework. Using appropriate examples explain the EPRG framework and the pros and cons of each orientation to a business operating internationally.

(15 Marks)

- 5. (a) Identify FIVE alternative strategies available to an organisation planning on entering the global market. What are the major advantages and disadvantages of each strategy?

(10 Marks)

(b) Explain which strategic option for market entry a small company should pursue to enter the international market place.

(5 Marks)

(Total 15 Marks)

6. Write descriptive notes with examples on any THREE of the following with specific reference to international marketing.

1. Social and cultural environment in international marketing
2. Pricing strategies in international marketing
3. Porter's generic strategies for creating competitive advantage
4. High context and low context cultures
5. Customer value and the value equation

(15 Marks)

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