

THE OPEN UNIVERSITY OF SRI LANKA
COMMONWEALTH EXECUTIVE MASTER OF BUSINESS / PUBLIC
ADMINISTRATION
FINAL EXAMINATION – 2015
MCP 2613 – INTERNATIONAL MARKETING
DURATION – THREE (3) HOURS



Date: 13.12.2015

Time: 9.30 a.m to 12.30 p.m

INSTRUCTIONS

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.

PART A

Read the below article and answer all questions at the end.

MULTINATIONAL RETAIL CHAINS & THE CHINA OPPORTUNITY

With the markets in North America and Western Europe approaching saturation, multinational companies (MNCs) are looking toward developing and emerging markets to spur future growth.

These markets account for 84% of the global population and are estimated to spend US\$ 23 trillion dollars annually on consumer goods alone.

However, while they provide a huge opportunity to MNCs, the companies trying to tap these markets have met with mixed results. This is because these MNCs have often failed to understand the realities of operating in these markets.

MNCs in the retail industry -- which have been facing significant challenges since the mid-2000s in the developed markets -- are also readying themselves to tap the opportunities presented by the developing and emerging markets.

In addition to intense competition and increasing saturation of the market in their home country and traditional markets in the West, these MNCs have had to contend with factors such as a slowdown in the economy, change in consumer behaviour as a result of the pricing environment, limited space for expansion, etc.

In contrast, the retail industry in many developing and emerging markets is witnessing a boom.

These markets are in their initial phases of development and have provided the MNC retail chains with enough scope for growth for a long time to come.

One of the markets that has attracted several MNC retail chains is China.

Though the average consumer spending per capita is low compared to more developed markets, the strong growth of over 10% per annum in consumer spending per head and the huge size of the market make China very attractive to the MNC retail chains.

With the Chinese government opening up the retail industry in 1991 and introducing further reforms in the early 2000s, the attractiveness of the Chinese market has increased tremendously.

As of 2008, China is one of the largest retail markets in the world. For the month of June 2008, retail sales in China touched a record US\$126.7 billion (864.2 billion Yuan), according to the China Chain Store & Franchise Association (CCFA). After being adjusted for inflation, this represented a growth of 14.8%.

Not only was China one of the top retail markets by value, but it was also one of the top retail markets in terms of its ability to attract international retailers.

As of early 2008, around 40% of the international retailers were present in China, earning it the ninth position among the top 10 retail markets in terms of ability to attract international retailers.

Source: www.icmrindia.org

1. What is an organization's environment and why do organizations analyse it?
(10 Marks)
2. There are many ways to analyse and assess the environment. Environmental analysis is the process of assessing and interpreting the information gathered through environmental scanning (continuously monitoring the environment). List and describe common approaches to environmental analysis highlighting the tools that are typically used to analyse the Macro environment, Micro environment and the internal environment?
(10 Marks)
3. What macro-environmental challenges, a Sri Lankan retail chain will have to consider before entering the Chinese retail market? Use a suitable example to illustrate your answer.
(20 Marks)
(Total 40 Marks)

PART B

Answer any 4 questions.

1. What is meant by the "marketing mix"? Drawing examples from an organisation of your choice, explain how the marketing mix is adapted to an international brand marketed in any country outside its home country.
(Total 15 Marks)

2. Explain how the environmental factors can affect the Segmentation, Targeting and Positioning process of an organization. Use examples to illustrate your answer.
(Total 15 Marks)
3. a) The CEO of Crimson Limited, a leading local manufacturer, hires you as a consultant to advise him on a business proposition received from a Japanese company. The Japanese company has requested your CEO to share the company's patents with them and in return the Japanese company would pay Crimson Limited a license fee of five percent on ex-factory price of all products sold, based on the license of Crimson Limited. What would be your advice to the CEO of Crimson Limited?
(09 Marks)
- b) Explain THREE alternative entry strategies that Crimson could propose to the Japanese company along with their advantages and disadvantages.
(06 Marks)
(Total 15 Marks)
4. a) Setting the prices of products for foreign markets is always a challenge. Explain with examples, where relevant, highlight the factors or costs that need to be included in price setting for international markets.
(05 Marks)
- b) Elaborate with logical arguments and examples from the current global environmental landscape, the factors in the economic environment that have the greatest influence on pricing decisions.
(10 Marks)
(Total 15 Marks)
5. It has been argued that the internet has given rise to new business models which transform the way organisations interact with their customers. Do you agree with this proposition? Provide reasons with valid examples as to why you do or do not support this notion.
(Total 15 Marks)
6. Write descriptive notes with examples on any THREE of the following with specific reference to international marketing.
1. SWOT analysis and its business implications
 2. International Marketing Research process
 3. Multinational companies Vs International companies
 4. Porter's Diamond of National Competitive Advantage
 5. The driving and restraining forces affecting internationalisation of organisations
- (3 X 5 Marks)
(Total 15 Marks)

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