

THE OPEN UNIVERSITY OF SRI LANKA
COMMONWEALTH EXECUTIVE MASTER OF BUSINESS / PUBLIC
ADMINISTRATION
DEGREE PROGRAMME
FINAL EXAMINATION - 2016
MCP 2613 – INTERNATIONAL MARKETING
DURATION – THREE (3) HOURS



Date: 27.11.2016

Time: 9.30a.m to 12.30 p.m

Instructions

Answer ALL questions in Part A (Compulsory) and any THREE (03) questions in Part B.

Part A carries 34 marks and Part B carries 66 marks.

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

PART A

Read the below article and answer all questions.

eBay – Chinese Market Entry

In 2004, eBay entered the Chinese market with the goal of gaining a huge market share of the online auctioning business in the country. However, the company soon found itself embedded in a staunch competition with the newly formed company Taobao, founded by Jack Ma, who was also the founder of Alibaba.com.

In the two years that followed eBay's entry into China, Taobao and eBay were locked in a fierce battle for control of the market. However, eventually, Jack Ma and Taobao won, and eBay bowed out of the country in 2006.

The reason Taobao was able to defeat eBay was because it tailored itself specifically to the Chinese population. For example, Taobao crucially capitalized on the fact that there were 300 million cell phone users compared to 90 million internet users at the time in China. Because of this statistic, Taobao included instant messaging and voicemail transactions for buyers and sellers. This also had the benefit of giving the site a more user friendly feel, and it allowed buyers to make their own judgments about the character of the sellers, as opposed to having to rely mainly on feedback from others. By communicating directly with the sellers through instant messaging, the buyers could get a better impression of whom they were dealing with. This is because the more you talk to someone, the more you can learn about his or her character, and how he or she does business.

Jack Ma also realized that at the time, in 2004, most small business professionals in China were spending more time watching TV than logging onto the Internet. He therefore decided to prioritize television ads, which helped him reach a larger audience than eBay with its web-based marketing.

The name “Taobao” is also a clever Chinese wordplay, meaning “digging for treasure,” and also grabbed a lot of attention in its effort to gain an edge over its competitor. In the end, Taobao outmanoeuvred eBay, and ultimately defeated the company for the market. So don’t forget to cater to the local consumer!

Source: <http://www.tradeready.ca/2015/trade-takeaways/4-lessons-learned-famous-market-entry-failures/>

1. Based on the above case, discuss how eBay could have avoided failure in China through effective market research. Use examples from the case to illustrate your answer. (10 Marks)
 2. Explain the critical importance of understanding the socio-cultural, economic and technological environments of foreign markets when planning market entry with a web based product such as eBay. (12 Marks)
 3. Discuss the different steps in the international market entry evaluation process and how eBay could have benefited from following this process. (12 Marks)
- (Total 34 Marks)**

PART B

Answer any 4 questions.

1. “Globalization has been a powerful driving force which has brought convergence in the tastes and preferences of the consumers around the world. Despite this fact, extending techniques from the domestic market may not necessarily yield results even if the new market seems very similar.” Critically evaluate the statement and identify the major hindrances when formulating global marketing mix strategies and means to overcome such challenges. (Total 22 Marks)
 2. a) Discuss the significance of pricing decisions in International Markets with specific reference to developing countries. (8 Marks)
b) Describe the factors that need to be considered when setting a price for a product to be marketed in an overseas country. (14 Marks)
- (Total 22 Marks)**

3. a) Evaluate THREE modes of entry suitable for a first time exporter of wooden handicrafts from Sri Lanka to enter into foreign markets. **(15 Marks)**
- b) If you were the International Marketing Strategy Consultant advising the above mentioned wooden handicraft manufacturer, which mode of entry would you recommend and why? **(07 Marks)**
(Total 22 Marks)
4. Social Media is increasingly being adopted by organisations as an effective marketing tool across the world. Using appropriate examples, describe how such social media can be used by a Sri Lankan organisation to create awareness and generate demand for its product or service among consumers around the world.
(Total 22 Marks)
5. Write descriptive notes with examples on any THREE of the following with specific reference to international marketing.
1. Political risk and how it can be avoided
 2. Timing of foreign market entry and the first mover advantage
 3. Market segmentation and bases for segmentation
 4. Degrees of economic cooperation and the stages of integration
 5. The EPRG framework in internationalisation
- (Total 22 Marks)**

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