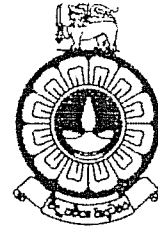


THE OPEN UNIVERSITY OF SRI LANKA
 COMMONWEALTH EXECUTIVE MASTER OF BUSINESS /
 PUBLIC ADMINISTRATION
 FINAL EXAMINATION – JULY 2017
 MCP 2613 – INTERNATIONAL MARKETING
 DURATION – THREE (3) HOURS



DATE: 22.07.2017

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 in PART A.

Factors that Affect Global Pricing Decisions

The role of pricing in international business cannot be over-emphasised. MNCs that market their products internationally must decide what prices to charge in the different markets (countries) in which they operate (Kotler and Armstrong, 2012) and global marketers must understand the factors that affect the pricing decisions they make (Tanner and Raymond, 2012). Researchers have argued that pricing has played a critical role in consumer buying behaviour and decision making process (Musonera and Ndagijimana, 2008; Myers, 1997; Reichard, 1985). Cavusgil (1996) posited that global managers appreciate the critical role prices play in international marketing success. After all, price, as a special element in the marketing mix, has a measurable impact on sales, directly affects revenue and a key lever of profitability (Cavusgil, 1996; Eugster et al., 2000; Marn et al., 2003). According to Marn and Rosiello (1992), one of the fastest and most effective ways for a MNC to realise its maximum profit is to get its pricing right. To get pricing right, global marketers must understand the critical global marketplace variables that affect global pricing decisions.

Source: McLeish, U.O. (2016) 'Factors Affecting International Marketing Strategies: Pricing, Channel Structures and Advertising', *European Journal of Business and Management*, Vol. 8, No.5.

1. a) Based on the above article, discuss at least FIVE (5) core variables that must be taken into consideration when setting prices for foreign markets and how each variable affects such pricing decisions. Use examples where appropriate to illustrate your answer. (15 Marks)
- b) What are the causes for "price escalation" in international marketing? (5 Marks)

2. An international marketer has several pricing strategy options to select from when deciding on setting prices for goods or services for foreign markets. Explain at least FOUR (4) key pricing strategies and situations in which each strategy should be selected. Use examples to illustrate your answer.

(12 Marks)

3. "Due to the nature of international dealings, the use of letters of credit has become a very important aspect of international trade."

Describe what is meant by a "Letter of Credit" and explain with reasons as to why letters of credit have become a very important trade instrument in international business.

(8 Marks)

(Total 40 Marks)

PART B

Answer any 4 questions.

1. International marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges across boundaries that satisfy individual and organizational objectives.

a) How does international marketing differ from domestic marketing?

(5 Marks)

b) Using examples, discuss the driving forces and restraining forces that either motivate or deter organisations to move into international markets

(10 Marks)

(Total 15 Marks)

2. Modern markets have evolved into complex machines that can overwhelm even the most careful trading strategy. Marketers are constantly challenged by the convergence and divergence of markets and the decision of whether to adapt or extend their strategies across markets. Explain using examples how the 4 Ps need to be managed in a manner that it maximises on available opportunities while ensuring that cost effectiveness is also achieved.

(Total 15 Marks)

3. The way businesses and staff view the world is described as international management orientations. Howard Perlmutter identified a way of classifying alternative management orientations, which is commonly referred to as the EPRG framework. Describe the characteristics of organisation under each orientation in the EPRG framework using suitable examples for each type of orientation.

(Total 15 Marks)

4. Assessing which market or markets offer the best opportunities for our products or services is an important process in order to ensure the organisation succeeds in the selected markets. Explain the key steps in the foreign market entry evaluation process for a product or service of your choice.

(Total 15 Marks)

5. Effective analysis and assessment of the international marketing environment is critical to the success of any organisation planning entry into a foreign market.

- a) Discuss the importance of understanding the socio-cultural environment of the different potential markets when Sri Lankan marketers decide to market their products or services in foreign markets. Use a suitable example of a brand to explain your answer.

(10 Marks)

- b) "The political environment of foreign countries is a key determinant for local marketing organisations planning their entry into international markets." Do you agree? Justify your answer using suitable examples.

(5 Marks)

(Total 15 Marks)

6. Write descriptive notes with examples on any THREE (3) of the following.

1. Self-Reference criterion and its pitfalls in international marketing
2. Barriers of international business
3. Factors affecting the choice of distribution channels in international marketing
4. The "Internationalisation" process of organisations
5. Digital marketing and its benefits in international business

(3 X 5 Marks)

(Total 15 Marks)

-All rights reserved-