

MANAGEMENT PROGRAMME**Term-End Examination****June, 2007****MS-64 : INTERNATIONAL MARKETING***Time : 3 hours**Maximum Marks : 100**(Weightage 70%)*

Note : *This paper consists of two Sections — A and B. Attempt any **three** questions from Section A. Section B is **compulsory**. All questions carry equal marks.*

SECTION A

- 1.** You are the marketing executive in an Indian toy manufacturing company which is at present operating in the domestic market only. Now the company management has decided to explore the possibilities for the company to enter the international markets. Prepare a report for the management covering the following aspects :
- (a) Advantages for the company in entering international markets.

- (b) Different modes of entering international markets without any investment in production facilities in the foreign markets.
 - (c) The ways in which the company can carry out market segmentation on the world toy market.
- 2.**
- (a) What do you understand by the term 'political risk' ? In your opinion, is it country specific or firm specific or both ? Elaborate giving examples.
 - (b) Explain the significance of Letter of Credit in international marketing. Briefly discuss the operation of a Letter of Credit.
- 3.**
- (a) Why do you think a company should or should not market the same product in the same way around the world ? Discuss with the help of suitable examples.
 - (b) Discuss the significance of desk research in international marketing. How does the Internet affect international marketing research ?
- 4.** Write short notes on any **three** of the following :
- (a) Export Promotion Councils
 - (b) Transfer pricing
 - (c) Deemed exports
 - (d) Regional economic groupings
 - (e) Factors affecting international media strategy

SECTION B

5. Study the case given below and answer the questions given at the end.

STAR ENGINEERING

The annual planning process was well under way at the Mumbai headquarters of Star Engineering. In two weeks' time the final international marketing plan must be presented to the board of directors.

Star Engineering was established in 1950. It has grown from a local to a regional and then a national company. In the 1970s the company became active in exporting. It had been particularly successful in the Middle East and in South East Asia. Competition was particularly strong in the United States and in Germany. Because of this, Star had, in the past, made a policy decision to avoid entering these two markets. Star currently has 65 per cent of the Indian market worth Rs. 200 crores. In the Middle East it has 20 per cent of a market worth approximately Rs. 100 crores, while in South East Asia it has 25 per cent of a market worth Rs. 180 crores.

The main strategic thrust of the planning process this year is an expressed corporate aim to move towards world leadership, or, as the company chairman preferred

to call it, to become the world Star, instead of a rather modest world player.

Company sales turnover for 1999 had grown by only 1 per cent to Rs. 210 crores. The world recession impacted particularly severely on the civil engineering industry, Star's main customer group, so in all the circumstances a 1 per cent increase was a very creditable performance. Net profits, on the other hand, were reduced by 11 per cent, to Rs. 16 crores.

During the 1980s Star Engineering began a process of becoming a more international company. Initially all non-Indian sales came from exporting. However, sales offices were set up in Kuwait and in Singapore. Later, a distribution depot was established in Singapore. This helped sales through improved customer services and the reassurance to customers created by Star's tangible presence.

In the future, the company intends to manufacture in several other sites in addition to India. This would create some benefits for Star's international performance, but would also involve increased risks, particularly those created by political change.

The company needs to develop a more international marketing culture. Currently, it is unsure how to proceed.

Questions :

- (a) Evaluate the marketing implications of moving from a modest international marketing approach to the approach required to achieve the corporate aim of world leadership.
- (b) What approach would you propose to Star Engineering for evaluating existing and new overseas markets ?

