PG Even Semester Examination, May 2025

BUSINESS ADMINISTRATION

(4th Semester)

Course No.: MM-05

(International Marketing)

Full Marks: 70

Pass Marks: 28

Time: 3 hours

The figures in the right margin indicate full marks for the question.

1. Define International Marketing. How does it differ from Domestic Marketing? Discuss the process of *internationalisation*. (1+3+10)

OR

2. What is International Marketing? How does it differ from International Trade? Discuss briefly the Trade Theories. (2+3+9)

3. Case Study:

Amul, India's largest dairy brand, has a strong presence in the domestic market and is recognised for its high-quality dairy products, including milk, butter, cheese, and ice cream. Over the years, Amul has successfully expanded into international markets, targeting countries with a significant Indian diaspora, such as the United States, Canada, and the United Arab Emirates. Now, Amul is considering further expansion into two new markets: China

and Brazil. China presents an opportunity due to its growing demand for dairy products, particularly among the younger population. However, Chinese consumers prefer fresh dairy products over processed ones, and local and international brands with strong distribution networks dominate the market. Amul must decide how to position its brand to appeal to Chinese consumers while navigating regulatory challenges and intense competition. Brazil, on the other hand, has a well-developed dairy industry with strong local competitors. However, there is an increasing demand for specialised dairy products, such as lactose-free and organic options. Amul must consider whether to differentiate itself by introducing premium dairy products or by competing on price.

The company faces several strategic decisions:

i. Entry of Amul in both markets simultaneously or focusing on a market first.

ii. Brand positioning with local consumer preferences in each country.

iii. Choice of effective distribution channel for entering the Chinese and Brazilian markets.

iv. Pricing strategy to stay competitive while maintaining profitability.

Questions

a) What are the potential risks and benefits of entering China and Brazil simultaneously? 3

(b) Explain these types of direct channel intermediaries: foreign distributor and state-controlled trading company. (3+3)

OR

8. (a) Describe the following types of indirect channel agents: (2*4=8)

i. EMC

ii. Cooperative Exporter

iii. Purchasing Agent.

(b) Explain hot, moderate, and cold countries as classified by the country temperature gradient. What are the channel implications of this classification system? (6)

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since the mid-1980s. Further, Philips laid emphasis on establishing itself in more attractive low cost nations like India, China, and Indonesia. Later in 1998, Philips introduced the Architecture and Standard Design program in a bid to ensure that all the businesses shared their proven technologies. However, analysts were of the view that the company's practice of adopting the technological revolution with mutual sharing of proven technologies among its various divisions, had resulted in the consumer electronic goods becoming more complex. Later, the company realized its electronic goods were becoming more complex and understood that a proven technology with slight modifications would incur lower costs. The company was finally rewarded when it was acknowledged for innovations in its product categories and was awarded 12 'Innovations Awards' in the 2005 Consumer Electronics Show.

Questions for Discussion:

1. Discuss how the establishment of National Organizations (NO) and Product Divisions (PD) helped Philips. 7

2. Discuss the strategies adopted by Philips Electronics during the 1980s and the 1990s to establish itself in the global market. 7

7. (a) Distinguish between direct and indirect selling channels. What are the advantages and disadvantages of these channels? 4+4

b) How can Amul modify its marketing strategy to appeal to Chinese consumers' preference for fresh dairy products and Brazilian consumers' interest in specialised dairy products? 3

c) What cultural factors should Amul consider when developing its advertising campaigns for each market? 4

d) Should Amul consider forming partnerships with local businesses or retailers in these countries? Why or why not? 4

4. Discuss the different modes of entry into International Markets. (14)

OR

5. Write a short note on any 2 of the following: (7x2=14)

(a) Tariff and Non-Tariff barriers

(b) Export Documentations

(c) Instruments of payment in the International Business

6. Case study

Royal Philips Electronics (Philips), one of the largest electronics companies in the world, was founded by Gerard Philips in 1891 in Eindhoven, Netherlands. The company was initially producing incandescent lamps and other electrical products. Over the years, it grew to have businesses spread over 60 countries, employing 184,000 employees.

In the beginning of the 20th century, Philips spread its operations to China, Brazil, and Australia. In addition, the company also operated in 14 European nations and various other Asian countries. Philips set up National Organizations (NO) in several European and Asian countries and elsewhere. During the World Wars (both I & II), the NOS were given a lot of autonomy and were responsible for financial, legal, and administrative decisions in their respective territories. The NOs observed the demographics, tastes, and preferences of the consumers in their regions closely and were soon able to understand the needs and specifications of their markets. They then offered the consumers products that suited their specific needs.

The 14 Product Divisions (PDs) situated at Eindhoven, the Netherlands, carried on product development and production and its global distribution. Later the company spread out its research function by establishing research units in Europe and the US. Philips' strategy was to have cross-functional co-ordination at three levels namely, product team level, product group level, and senior management level. This was to ensure that product group directions, strategies, and priorities were in line with overall objectives.

The 1960s saw the arrival of the common market'. With the removal of trade barriers among the European Community (EC) there was no need for independent subsidiaries. While many of Philips' competitors moved to other low wage economies within the EC,

Philips lagged behind in the commercialization of the new technologies it developed.

By the 1970s, the company made attempts to co-ordinate the activities of the various NOS. Philips concentrated on decreasing its product line and made attempts to increase the scale of production and flow of goods among the NOS. As a part of this move, the company transformed the most efficient plants into International Production Centers (IPCs). The IPCs sent supplies to various NOs. Later, the company set up more IPCs in locations that had better cost advantages. It also closed down inefficient local plants. Philips set up a corporate council consisting of the heads of NOS and PDs across the world to ensure better co-ordination among the NOS and PDs. Also the production planning process was reformed to incorporate inputs from NOS. However, PDs made the final decision regarding long-term product strategies. Meetings were held at regular intervals between the various heads of the NOS, PDs, and the Board of Management to formulate strategic plans. During the 1980s, Philips entered into various alliances and joint ventures to strengthen its position worldwide. This included alliances with Beijing Factory for offshore manufacturing with AT&T for Toppan Printing, and with Kyocera for product development. The company also entered into a merger with GEC3 of the UK for Medical systems.

By the 1990s, Philips' main thrust was on reducing major costs. The company even stopped the production of a key chip in which it had invested around one billion guilders*

Turn Over