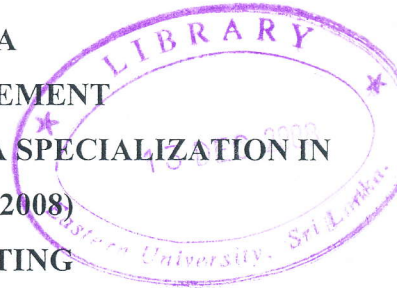


EASTERN UNIVERSITY, SRI LANKA
FACULTY OF COMMERCE AND MANAGEMENT
FINAL YEAR FIRST SEMESTER EXAMINATION IN B.B.A SPECIALIZATION IN
MARKETING – 2007/ 2008 (OCTOBER – 2008)
MKT 4134 – INTERNATIONAL MARKETING



ANSWER ALL QUESTIONS

TIME: 03 HOURS

Question Number 01.

British Medical Group

The British Medical Group is a recently established 'umbrella' organization that has been formed from a strategic alliance involving two Sheffield based manufacturers of medical products. Surgimed are manufactures of general surgical instrumentation from which they produce over 50 types of medical forceps and also manufacture needle holders, bone snips and orthopaedic instruments, retractors and other general surgical instrumentation. The older company is Orthopaedic Innovation who specializes in the manufacture of orthopaedic of management systems and external fixation systems for fractures that are externally fixed.

The two manufacturing organizations exist as a result of corporations between directors Keith Howard of Surgimed and Dave Reed of Orthopaedic Innovation who thought the partnership would achieve long-term export goals. This resulted in Surgimed re-locating within a larger factory and premises at the Orthopaedic Innovation address some 12 months ago. New machinery was recently introduced which enabled production to quadruple without the need for shift work.

Export markets

The organization has been involved with overseas markets for 18 months. During this time markets in the Far East have been established. The value of this business can be seen in terms of orders with in:

- Developing markets: China and The Philippines. Value of orders written: \$30,000
- Established markets: Malaysia and Singapore. Value of orders written: \$120,000
- Substantial markets: Korea and Taiwan. Value of orders written: \$400,000

Sales from the above markets currently account for 60% of all sales of British Medical. These sales are handled by six independent agents who work on a commission – only basis.

Establishing international operations

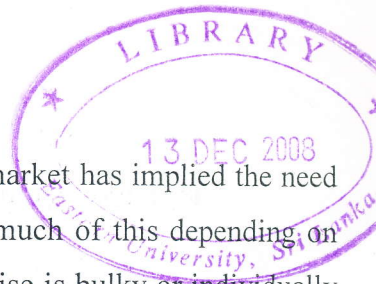
A Chinese – Malaysian student on a MSc in International Marketing at a local university has been based at the organization for the past 18 months as part of a work placement. His salary is subsidized by European funding under the Excellence in Export schemes. He speaks almost all major languages and fully understands the cultural differences that are important when establishing business in the Far East. He was allocated total responsibility for managing overseas activities including researching markets, obtaining export orders and appointing agents.

The student undertook desk research to obtain information on market size, market structure, competition and particular developments in the healthcare and medical sectors. Sources of information used include the Sheffield Chamber of Commerce, Business Link, the Department of Trade and Industry, and its link with the Commercial Department of overseas embassies, the British Consulate, Foreign and Commonwealth Office. From the reports generated the organization selected target markets to enter and the student then made local visits in order to appoint the agents and arrange order processing and payment arrangements.

Adaptation and market familiarization

Although English is the common business language in Malaysia and the Philippines this is not the case when dealing with mainland China and Taiwan where it is necessary to speak the local language. This is a requirement as English is a far remote language and in these markets even the shop signs are in Chinese. The students' ability to communicate in both Cantonese and Mandarin has been essential for the stages of finding appropriate representation, appointing agents and negotiating business.

Without these skills both directors have agreed that business would never have developed. Local adaptation has been necessary. The products have remained the same as those sold in the domestic market. However payments have been somewhat different and in order to obtain orders it has been necessary to quote and obtain payment in US dollars. Credit terms also need to be more flexible to combat competition from Germany.



In addition the different regulations associated with trading in each market has implied the need to adapt the fundamentals of the packaging and labeling of goods, much of this depending on whether the shipment is sterile or otherwise or whether the merchandise is bulky or individually packed. Some basic product literature was also translated by the student into Cantonese and Mandarin.

Other potential markets

The Czech Republic and Hungary have emerged as new countries that offer great potential, research has been undertaken, contracts have been established and the company is presently out in the market visiting potential agents. Research has also been undertaken into other European countries. Germany has been rejected due to the nature of local competition and the fact that the market is self sufficient with an array of high quality producers who are already servicing the market. France and Spain have been identified as potential markets and visits will be made early next year. Portugal and Spain may offer opportunities for export but further investigation is needed.

The Future

The organization hope to continue with their international expansion and the directors are optimistic about the future. Export funding and assistance initiatives are also being considered.

Questions

1. Evaluate the market entry strategy adopted by British Medical Group. Would any other strategy have been feasible? (8 marks)
2. Identify at which stage of the internationalization process the organization is currently at, giving reasons for your answer (5 marks)
3. What barriers to international marketing has the organization overcome and how has this been achieved? (8 marks)
4. What factors may limit further expansion of British Medical? (7 marks)

Total 28 marks

Question Number 02.

(I) What is meant by International Marketing and why do companies go to International Ma

(5 m

(II) Differentiate Export Marketing from International Marketing with suitable examples.

(6 m

(III) "A small exporter has to consider number of factors in his exporting decisio

International Market". Elaborate this statement considering Sri Lankan Exporting context.

(7 m

Total 18

Question Number 03.

(I) Identify the acronym 'SLEPT' and explain two of them briefly

(5 m

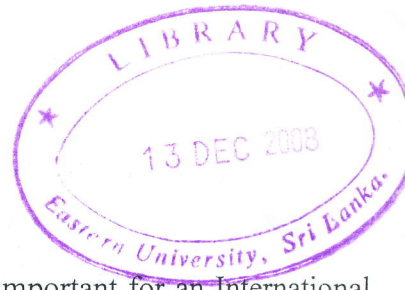
(II) How do you define a "strategic market"? What role does segmentation play in the identification of these markets?

(6 m

(III) "Number of Economic Integrations are in the International Market to protect their m states". Explain this statement in detail with relevant examples of Economic Integrations?

(7 m

Total 18



Question Number 04

(I) What do you understand by the term “Culture”? Why does it important for an International Marketer? (5 marks)

(II) What are the Tariff and Non-tariff barriers are in practice for Sri Lankan garments exporters? (6 marks)

(III) “Marketing Mix plays an important role for an International marketer when marketing their products and services in various countries”. Elaborate this with marketing of Sri Lankan Tea products in International Markets. (7 marks)

Total 18 marks

Question Number 05

(I) what is meant by ‘Transfer Pricing’? Give common features of it. (5 marks)

(II) List the methods of payment available for an International Marketer and explain three of them briefly. (6 marks)

(III) “Exporters, importers and international marketers, without exception, are being affected by recent oil price fluctuations, food crisis and financial crisis”. As an International Marketer, how can you protect yourself from these crises? And what are the other challenges of International Marketing? (7 marks)

Total 18 marks