

Eastern University, Sri Lanka

Faculty of Commerce & Management

**Final Year Second Semester Examination in BBA /Specialization in Marketing
Management**

2016/2017 (March 2019) (Proper/Repeat)

MKT 4063 International Marketing Management

Time:03 Hours

Answer all 05 questions

No. of pages 05

Q1. Read the following case study and answer the questions given below.

Descon Engineering: Expanding Overseas

Descon group of companies, the largest engineering, procurement and construction (IPC) group in Pakistan, is a multifaceted engineering and manufacturing concern. Head quartered in Lahore, Pakistan, its revenues exceed over a billion dollars. Its diverse portfolio activities cover engineering, manufacturing, construction, operation and maintenance, software, chemicals, inspection services, trading, and EPC contracts. While the various companies belonging to the group operate independently, Descon Engineering Limited remains the flagship company and provides leadership and identity to its affiliates and subsidiaries.

Descon started as a small maintenance service contractor in 1977 in Lahore. From maintenance services the company has backward integrated into construction, engineering design, and procurement, and finally manufacturing. Today the company has a workforce of 42,000 persons comprising 29 nationalities. Its six manufacturing facilities in three countries produce capital goods for industrial process plants and infrastructure projects. The product mix includes all types of boilers, air coolers, pressure vessels, heat exchangers, and fabrication of steel structures and piping. The company operations span Pakistan, the UAE, Saudi Arabia, Qatar Egypt and Afghanistan. Its roster of clients and end-users includes big names of the region, such as Saudi Aramco, ADNOC, Takreer, fertile, and Qatargas. Similarly major E&P companies like Shell, OMV, BHP Billiton, Occidental OGDCL, and Petronas have availed Descon's services and manufacturing capabilities. Renowned EPC contractors like Chiyoda, Bechtel, Fluor, and JGC Corporation have had Descon as their subcontractor for their large projects in Asia and Africa.

In its expansion overseas, Descon has used a variety of modes of entries in various countries.

In these early years of its foreign ventures, it was primarily exporting services as subcontractor of larger firms. However as it gained expertise and confidence, it moved on establishing permanent presence in key countries. Depending on the nature and volume business opportunity in different countries, Descon has primarily used joint ventures and strategic alliances to establish a firm footing.

Descon's first joint venture was in Saudi Arabia when it formed a new company, Olayan Descon, in alliance with the Olayan Group of Saudi Arabia. The Olayan group owns majority shares in this company, but Descon controls the management. The joint venture only provided Descon better access to the lucrative Saudi market and entry into local network but also allowed it access to critically needed local bank credit. The success of this joint venture eventually led Descon to establish two manufacturing facilities in the cities of Yanbu and Al Jubail in Saudi Arabia.

Descon's joint venture with JGC Japan was a major step toward becoming an EPC company. Over the years, as Descon added the construction business to its maintenance services provides to the fertilizer, oil, and gas and other petrochemical clients, it noted that the major value addition in such construction projects was in engineering design and procurement services. While Descon has expertise in construction, it lacked knowledge and skill in engineering and procurement. Consequently, Descon established a joint venture with the renowned EPC company, JGC of Japan. This joint venture not only gave Descon access to important engineering design and procurement knowledge base, it also provided Descon with JGC entry into important projects in Pakistan. The credibility and expertise gained through this joint venture also allowed it to bid successfully for projects in the Middle East.

Presson Descon International Limited is another successful joint venture of Descon with Enerflex of Canada. Enerflex is renowned for its upstream oil and gas activities. Its major skills are engineering and procurement. Presson Descon gives depth to Descon in the oil and gas domain and has led to the implementation of various projects in the Middle East. From these successful joint ventures, Descon has entered into strategic alliances with some of the industry leaders that have given depth to Descon when negotiating contracts with customers. Some of the important alliances are with Mitsubishi Heavy Industries, Polysius of Germany and Ortloff of the United States. Descon is the licensee of Mitsubishi's CO₂ recovery technology for the fertilizer industry. In return for royalty that Descon pays to Mitsubishi, Descon has the benefit of exclusive bidding for contracts in both the Middle East and Pakistan. St

alliance with Polysius gives Descon expertise in the cement industry. Polysius has expertise in cement technology and provides engineering, manufacturing, and construction expertise. With Ortloff, Descon has entered into a licensing agreement for its sculpture recovery unit for refineries.

Descon engineering has also established its offices in Qatar, the UAE, and Kuwait. The Abu Dhabi operation is a branch office with a local sponsor that adds value through its contracts in the oil and gas sector of Abu Dhabi. Descon engineering Qatar is a joint venture managed by Edscon. Descon now uses its manufacturing facilities in the UAE to export equipment to other parts of the Middle East and Europe.

Descon's vision is to become a world-class engineering, manufacturing, and construction company operating internationally. It has successfully used various strategic alliances, joint ventures, and other modes of entry into foreign countries in order to become a global player with a solid reputation in the region.

Questions:

- i. Explain briefly the six criteria for selecting a foreign market entry mode?

(Marks 08)

- ii. Critically evaluate the foreign market entry modes that are used by Descon Engineering for expanding the business.

(Marks 08)

- iii. Assume that you are the marketing manager of Descon engineering and recommend some of other market entry mode with reason to expand the business.

(Marks 12)

(Total 28 Marks)

- Q2. i) **Illustrate** the concepts of 'Polycentric and geocentric Orientation' in International Marketing with example. iii)
(Marks 06)
- ii) Explain the term 'Privatization' and the advantages of it in the context of International Marketing. (Marks 06)
- iii) *'Taking the business global and successfully selling the products and services in international markets can pose many challengers. There are many multinational companies make costly errors when attempting to sell to a global audience. These errors are primarily explained by a lack of understanding of how Standardization and Adaptation play in international markets'.* **Appraise** the arguments for and against on this statement. ii)
(Marks 06)
- (Total 18 Marks)**
- Q3. i) *'Today, almost every marketing organization, large or small, is touched in some way by global competition'.* **Illustrate** the importance of International Marketing. iii)
(Marks 06)
- ii) **Discuss** the concept of 'Country of Origin' with suitable example. (Marks 06)
- iii) *'Cultural differences can act as a barrier to communication, and that they could affect the ability to build connections'.* **Elaborate** National Culture, Business Culture and Occupational Culture with suitable examples. (Marks 06)
(Total 18 Marks)
- Q4. i) *'International Branding is an example of interactive communication between marketers and consumer who are from different countries and cultures'.* **Demonstrate** the types of branding in International Marketing. (Marks 06)
- ii) *International Market Intermediaries are responsible for seeking potential buyers/sellers negotiating terms of trade and importing/exporting the products to the end user.* **Discuss** the types of Intermediaries. (Marks 06)

iii) *'Generally speaking International Advertising, is the promotion of goods, services, companies and idea usually in more than one country performed.'* **Briefly explain** the regulations that should be followed at international advertising.

(Marks 06)

(Total 18 Marks)

i) *Financing is important to the operations of both importers and exporters.* **Discuss** the International Marketing Financial Sources.

(Marks 06)

ii) *'The international product life cycle is a theoretical model describing how an industry evolves over time and across national borders'.* **Demonstrate** International Product Life Cycle.

(Marks 06)

iii) *With the arrival of sellers from all over the globe, local industry comes directly into competition with the international industry.* **Analyse** the ways by which the government can protect the local industries?

(Total 18 Marks)