C 82109 (Pages : 4) Name..............................

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FOURTH SEMESTER M.B.A. DEGREE EXAMINATION, JUNE 2020

(CUCSS)

M.B.A.

BUS 4C 23—INTERNATIONAL BUSINESS

(2016 Admission onwards)

Time : Three Hours Maximum : 36 Weightage

Part A

Answer **all** *questions.*
Each question carries 1 *weightage.*

1. Briefly explain the scope of international business.
2. What do you mean by ethno centric orientation ?
3. Briefly explain the term "Embargoes".
4. What do you mean by common market operation ?
5. Distinguish between exporting and licensing.
6. Write the advantages of product based structure.

(6 × 1 = 6 weightage)

Part B

Answer any **four** *of the following questions.*
Each question carries 3 *weightage.*

7. What are the factors restricting internationalization of business ? Explain.
8. Explain the country similarity theory of international trade.
9. Write a short note on impact of balance of payment in international trade.
10. Explain the role of IMF in international trade.
11. What are the factors influencing international business location? Discuss.
12. Briefly explain various international business integration issues.

(4 × 3 = 12 weightage)

Part C

Answer any **three** *of the following questions.*
Each question carries 4 *weightage.*

13. What are the different environmental factors influencing international business ? Explain.
14. Discuss about various phases in international product life cycle.

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15. Explain the impact of multilateral trade agreements in international business.
16. What are the different international marketing strategies ? Explain.
17. Discuss on various problems faced by the MNC's in Indian Market.

(3 × 4 = 12 weightage)

Part D (COMPULSORY QUESTION)

18. *Case :*

Procter and Gamble (P and G), the large U.S. consumer products company, has a well-earned reputation as one of the world's best marketers. P and G manufactures and markets more than 200 products that it sells in 130 countries around the world, generating some $ 42 billion in revenues in 2002. Along with Unilever, P and G is a dominant global force in laundry detergents, cleaning products, personal care products, and pet food products. P and G expanded abroad after World War II by exporting its products, brands, and marketing policies to Western Europe, initially with considerable success. Over the next 30 years, this policy of developing new products and marketing strategies in the United States and then transferring them to other countries became entrenched. Although some adaptation of marketing policies to accommodate country differences was pursued, it was minimal. In general, products were developed in the United States, manufactured locally, and sold using a marketing message created in Cincinnati.

The first signs that this policy was no longer effective emerged in the 1970s, when P and G suffered a number of major setbacks in Japan. By 1985, after 13 years in Japan, P and G was still losing $40 million a year there. It had introduced disposable diapers in Japan and at one time had commanded an 80 percent share of the market, but by the early 1980s it held a miserable 8 percent. Three large Japanese ; consumer products companies were dominating the market. P and G's diapers, developed, in the United States, were too bulky for the tastes of Japanese consumers. Kao, a Japanese company, had developed a line of trim-fit diapers that appealed more to Japanese tastes. Kao introduced its product with a marketing blitz and was quickly rewarded with a 30 percent share of the market. P and G realized it would have to modify its diapers if it were to compete in Japan. It did, and the company now has a 30 percent share of the Japanese market Plus, P and G's trim-fit diapers have become a best-seller in the United States.

P and G had a similar experience in marketing education in the Japanese laundry detergent market. In the early 1980s, P and G introduced its Cheer laundry detergent in Japan. Developed in the United States Cheer was promoted in Japan with the U.S. marketing message—Cheer works in all temperatures and produces lots of rich suds. But many Japanese consumers wash their clothes only in cold water, which made the claim of working in all temperatures irrelevant. Also, many Japanese add fabric softeners to their water, which reduces detergents' sudsing action, so Cheer did not suds up as advertised. After a disastrous launch, P and G knew it had to adapt its; marketing message. Cheer is now promoted as a product that works effectively in cold water with fabric softeners added, and it is one of P and G's best-selling products in Japan.

P and G's experience with disposable diapers and laundry detergents in Japan forced the company to rethink its product development and marketing philosophy The company decided that its U.S.-centered way of doing business did not work. For the last decade, P and G has been delegating more responsibility for new-product development and marketing to its major subsidiaries in Japan and Europe. The company is more responsive to local differences in consumer tastes and preferences and more willing to admit that good new products can be developed outside the United States.

Evidence that this new approach is working can again be found in the company's activities in Japan. Until 1995, P and G did not sell dish soap in Japan. By 1998, it had Japan's-best-selling brand, Joy, which now has a 20 percent share of Japan's $ 400 million market for dish soap. It made major inroads against the products of two domestic firms, Kao and Lion Corp., each of which marketed multiple brands and controlled nearly 40 percent of the market before P and G's entry. P and G's success with Joy was because of its ability to develop a product formula that was targeted at the unmet needs of Japanese consumers, to design a packaging format that appealed to retailers, and to create a compelling advertising campaign.

In researching the market in the early 1990s, P and G discovered an odd habit : Japanese homemakers squirted out excessive amounts of detergent onto dirty dishes, a clear sign of dissatisfaction with existing products. On further inspection, P and G found that this behavior resulted from the changing eating habits of Japanese consumers. The Japanese are consuming more fried food, and existing dish soaps did not effectively remove grease. Armed with this knowledge, P and G researchers in Japan went to work to create a highly concentrated soap formula based on a new technology developed by the company's scientists in Europe that was highly effective in removing grease. The company also designed a novel package for the product. The packaging of existing products had a clear weakness: the long-neck bottles wasted space on supermarket shelves. P and G's dish soap containers were compact cylinders that

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took less space in stores, warehouses, and delivery trucks. This improved the efficiency of distribution and allowed supermarkets to use their shelf space more effectively, which made them receptive to stocking Joy. P and G also devoted considerable attention to developing an advertising campaign for Joy. P and G's ad agency, Dentsu Inc., created commercials in which a famous comedian dropped in on homemakers unannounced with a camera crew to test Joy on the household's dirty dishes. The camera focused on a patch of oil in a pan full of water. After a drop of Joy, the oil dramatically disappeared.

With the product, packaging, and advertising strategy carefully worked out, P and G launched Joy throughout Japan in March 1996. The product almost immediately gained a 10 percent market share. Within three months the product's share had increased to 15 percent, and by year-end it was close to 18 percent. Because of strong demand, P and G was also able to raise prices as were the retailers that stocked the product, all of which translated into fatter margins for the retailers and helped consolidate Joy's position.

In the laundry detergent market too, P and G has been making inroads. Through market research, P and G found that Japanese consumers wanted detergents with stronger cleaning power, so the company developed and launched bleach-reinforced and antibacterial versions of its Ariel detergent in Japan. Both have been very successful, helping to take P and G's share of the Japanese laundry detergent market up to 20 percent by the early 2000s.

Questions :

1. How would you characterize P and G's product development and marketing strategy toward Japan in the 1970s and 1980s ? What were the advantages of this strategy ? What were the drawbacks ?
2. Which strategy has been more successful ? Why ?
3. What changes do you think P and G has had to make in its organization and company culture to implement this strategic shift ?

(1 × 6 = 6 weightage)