

**UNIVERSITY OF PETROLEUM
AND ENERGY STUDIES**



End Semester Examination, April 2018

Program: BBA-AM
Subject (Course): GLOBAL MARKETING
Course Code: BBCM176
No. of page/: 4

Semester : VI
Max. Marks : 100
Duration : 3 HRS

Instructions: This question paper consists of four sections viz. A, B, C and D respectively. Section **A & D** is compulsory. Attempt **any four** questions from section **B** and **any three** questions from section **C**. **The intended marks for questions or parts**

Section A (2*10=20)

*Attempt **all** questions from this section*

1-The study of international marketing should focus primarily on

- a) Product
- b) Place
- c) Promotion
- d) Pricing
- e) All of the above

2-This kind of international marketing study contrasts two or more marketing systems to identify similarities and differences.

- a) Domestic marketing
- b) Foreign marketing
- c) Comparative marketing
- d) Extensive marketing

3-For practical purposes, the difference between the concept of international marketing and the concept of multinational marketing is

- a) Significant
- b) Insignificant
- c) Meaningful
- d) Adequate

4-A strong orientation toward the home country is an indication of

- a) Ethnocentricity
- b) Polycentricity
- c) Geocentricity

5-This world organization monitors trade and resolves disputes.

- a) WTO
- b) IMF
- c) UNCTAD
- d) WORLD BANK

6-This is not a characteristic of "centrally planned economies."

- a) A communist philosophy
- b) An active government role in economic planning
- c) Bureaucratic political/economic systems
- d) Market-oriented economy

7-A government's taking ownership of a property with some compensation is

- a) Confiscation
- b) Expropriation
- c) Nationalization
- d) Domestication

8-In this type of society, messages are explicit and clear, with words conveying the main part of information in communication.

- a) High context
- b) Medium context
- c) Low context
- d) All of the above

9- Disney (U.S.A.) does not own the Disneyland amusement park in Japan but receives royalties because of this type of arrangement.

- a) Exporting
- b) Joint venture
- c) Licensing
- d) Manufacturing

10- When consumer need is similar across countries but use conditions for a product vary, this strategy should be used.

- a) Product extension-communications adaptation
- b) Product adaptation-communications extension (X)
- c) Product invention
- d) Dual adaptation

Section B (5*4=20 Marks)

*Attempt **any four** questions from this section*

1. How is the Internet reshaping the nature of global automobile marketing? Give examples
2. What are some of the forces influencing the increase in size of automobile MNCs? Are there any forces that are influencing them to downsize?

3. What are the factors that international managers of automobile industry should consider in determining the economic and political risks associated with a country?
4. Under what conditions should automobile companies pursue universal market segments?
5. What are the respective advantages and disadvantages of Greenfield operations over acquisitions?

Section C (10*3=30 Marks)

*Attempt **any three** questions from this section*

1. One of the many advantages of globalization suggested is economy of scale and scope. There is, however, a counterargument to this advantage. Mass customization production techniques could lead to erosion of scale and scope economies with the added advantage of being able to customize products, if not for individual customers, definitely for individual markets. Discuss the strengths and weaknesses of this counterargument in the context of automobile industry.
2. In a host of emerging markets (e.g., India, Brazil, Thailand), 50+ percent of the population is under 25 years old. One marketer observes: “teenagers are teenagers everywhere and they tend to emulate U.S. teenagers”. Is there a global teenager segment? Do teenagers in, say, Beijing really tend to emulate L.A. teenagers? Discuss.
3. KFC, a fast-food operator, faced immense resistance from some politically active consumer groups when it opened its operations in India. One group proclaimed that opening KFC outlets in the country would propagate a “junk-food” culture. Others proclaimed that this was “the return of imperialistic powers” and was an attempt to “Westernize the eating habits” of Indians. Overzealous local authorities in the city of Bangalore used a city law restricting the use of MSG (a food additive used in the chicken served by KFC) over a certain amount as a pretext for temporarily closing down the outlet, despite the fact that the authorities did not even have the equipment to measure the MSG content in the proportions stated in the law. In the capital city of New Delhi, a KFC outlet was temporarily closed down because the food inspector found a “housefly” in the restaurant. While both of these issues got resolved through hectic consultations with these consumer groups and through legal orders issued protecting the interests of the outlets, they do reflect how political and social concerns of even a small segment of the population can adversely affect the operations of companies in foreign markets. If you were the country manager of KFC in India, what steps would you have taken to avoid these problems?
4. Countries showing strong uncertainty avoidance such as France, Germany, and Italy have witnessed a rise in the consumption of mineral water since 1970. In fact, according to one study, the correlation between mineral water consumption and the uncertainty avoidance score for 1996 was almost 0.75. What might explain the linkage between uncertainty avoidance and mineral water consumption. What other products might find opportunities in strong uncertainty avoidance countries?

Section D (15*2=30 Marks)

Attempt all questions from this section

CAN McDONALD'S DE-THRONE THE COLONEL IN CHINA

McDonald's opened its first restaurant in China in Shenzhen in 1990. McDonald's expansion since then has been rapid: it had 750 outlets by the end of 2005 and planned to have 1,000 restaurants by the time of the Beijing Summer Olympics in 2008, for which McDonald's is a sponsor. Contrary to KFC, which is opening outlets in second and third tier cities, McDonald's prefers to grow within the large cities. Tim Fenton, McDonald's executive in charge of Asian operation, says: "When you start to get out of the bigger cities you start to fragment your transportation infrastructure."

However, although McDonald's may be the undisputed fast food brand in the Western world, it is far behind Yum! Brands in China. Yum! Brands operates Pizza Hut (180 restaurants) and, most importantly, KFC. KFC has over 1,500 outlets in China and a broader geographic coverage than the Golden Arches. Yum! may have had a first-mover advantage: it was the first fast-food restaurant chain to enter China in 1987 (Pizza Hut was introduced in 1990). The fact that most Chinese consumers prefer chicken to beef also helped Yum! to build up a successful business in China. KFC has also a much more localized menu than McDonald's featuring items such as a "Dragon Twister," egg tarts, and congee. David Novak, Yum! Brands chief executive, predicts that KFC's China business is on track to become as big as McDonald's in the USA.

Still, McDonald's is not willing to cede China to the Colonel. One way that McDonald's is trying to narrow the gap is by adding drive-through restaurants. KFC was the first western fast-food chain to open a drive-through in China in 2002. McDonald's opened its first one in November 2005. The three it had by early 2006 were outperforming average volume of existing restaurants by 50–80 percent. The chain plans to open 12 to 15 drivethroughs every year for the coming three years. The company hopes to benefit from the rapid growth of car ownership.

McDonald's will also introduce menu changes. The company believes that there are three basic customer tiers: value conscious diners; less price-sensitive diners loyal to the core menu items of Big Macs and fries; upper-level consumers who are willing to buy premium items. In China, McDonald's launched nine products priced at 60 US cents or less. It will also launch a rice burger, first introduced in Taiwan, targeted at higher spending consumers.

Clearly, McDonald's remains a brand to watch in China, in spite of the strides made by Colonel Sanders' KFC army. Fears triggered by bird flu might convince Chinese consumers to enjoy a Big Mac or rice burger instead of the Colonel's fried chicken. Nutritional concerns that have cast a shadow in developed markets are less of an issue in China. As Tim Fenton pointed out: China is obviously the biggest opportunity that we have going right now."

DISCUSSION QUESTIONS

1. Do you agree with the steps McDonald's plans to take to expand its business in China (adding drivethroughs, focus on big cities, localize menu)?
2. What other remedies would you prescribe if you were in Tim Fenton's shoes?