



Name:

Enrolment No:

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

End Semester Examination, December 2022

Course: International Marketing Management

Semester: 3

Program: MBA-IB

Time : 03 hrs.

Course Code: MKTG8001

Max. Marks: 100

Instructions:

SECTION A
10Qx2M=20Marks

S. No.		Marks	CO
Q 1	Distribution channels vary depending on which of the following? A. Target market size B. Competition C. Available distribution intermediaries D. All of the above	2	CO4
Q 2	One of the early problems faced by BMW when it attempted to market its line of automobiles in the United States was a severe shortage of spare parts. If BMW's management makes the decision to correct this problem, in which of the following components of the product component model would management need to make improvement? A. Core component B. Functional component C. Support services component D. First stage component	2	CO2
Q 3	Ethnocentrism can simply be defined as: A. Developing a simple diverse strategy for new markets B. Develop one strategy for all countries worldwide C. Use everywhere the same strategy as at home. D. Being ethnically centered on a global scale	2	CO3
Q 4	_____ is the systematic design, collection, analysis & reporting of data & findings relevant to specific marketing situation faced by the company A. Marketing Information System B. Marketing Research C. Marketing Survey D. Marketing analytics	2	CO2

Q 5	<p>Which of the following is an incorrect marketing strategy considering the different phases of the product life cycle:</p> <p>A. In introduction phase selective distribution should be built while in growth & maturity there should be intensive distribution</p> <p>B. Building awareness & trial among early adopters in introductory phase while building awareness & interest in mass market during the growth phase</p> <p>C. Stressing on brand differences, benefits & encourage switching of brand in the maturity stage</p> <p>D. Getting selective & phasing out the unprofitable brands in the maturity stage</p> <p>E. Diversifying brands & item models in the maturity stage</p>	2	CO2
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SECTION B
4Qx5M= 20 Marks

Q 1	Describe 4 different pricing strategies with examples.	5	CO4
Q 2	What are FDIs and the reasons for FDIs in international marketing context?	5	CO1
Q 3	Write a short note on Trade Barriers with reference to International Marketing	5	CO1
Q 4	Steps for conducting an effective International Market Research.	5	CO2

SECTION-C
3Qx10M=30 Marks

Q 1	List & explain the issues associated with International Transportation, Inventory & Storage.	10	CO4
Q 2	Benefits of Trade Fairs & Exhibitions to the Host Country & the Home Country.	10	CO1
Q 3	When entering a new market how can one learn the culture? What aspects of culture would influence the women's designer blue jeans in different countries (Illustrate with example)	10	CO3

SECTION-D
2Qx15M= 30 Marks

	Read the case & attempt all the questions		
	CASE STUDY: Nestle- The Case of Dying Babies		

In June 1976, Nestle Alimentana S.A. (Nestle) was told by a Swiss court to “ carry out a fundamental reconsideration” of the method it uses in Third World nations to sell milk powder for babies. The Nestle managing director wondered what actions should be taken on the court judgment.

The Company

Based in Vevey, Switzerland, Nestle is one of world’s largest food companies, with 110 years of history. In 1975, its group sales with 300 factories in 49 countries totaled 18.3 billion Swiss francs, and the number of employees reached more than 140,000, of which only some 7,000 actually worked in Switzerland. Nestlé’s most important products are instant drinks and other beverages, which yield nearly one-third of sales, and dairy products, which account for one-fourth. Infant foods and dietetic products account for 7.5 percent of sales. Nestle has many marketing and manufacturing facilities in the Third World, including 19 factories in 10 African countries.

Like other multinational giants, Nestle is increasingly exposed to criticism from activists in the home country as well as nationalists in foreign countries in which it operates. Nestle has more reason for trepidation than most, however; only 3 percent of its business is in the home market.

The Libel Suit

In early 1974 the British aid-for-development organization War-on-Want published a report titled “The Baby Killer.” As the picture on the first page showed, the killer was the baby’s nursing bottle. The author, Mike Muller, stated that powdered formula manufacturers contributed to the death of Third World infants by hard-selling their products to people incapable of using them properly. Too often, the powdered milk was mixed with impure water or excessively diluted in order to economize. In the 28-page pamphlet, he accused the industry of encouraging mothers to give-up breast feeding but added the qualification that other factors, such as working at the job, also influence women to switch to bottle feeding.

In 1974, the World Health Organization had also called for a code of good practice in advertising of baby foods. In the same year, the Bern-based Third World Working Group (which lobbies in Switzerland for support of less developed countries) published the Muller pamphlet with a few changes. Muller had criticized the industry as a whole, but the Bern activists titled their pamphlet “Nestle Kills Babies,” making the killer the company rather than the bottle-feeding process. They also omitted some of Muller’s qualifying remarks and included a preface that singled out Nestle for an accusation of using dishonest

sales techniques in the developing world. Nestle sued for libel, and the trial took place in Bern.

One of the activists said that the powdered formulas should be provided in pharmacies or through doctors and that they should not be advertised on the radio in native languages such as Swahili, which are understood by illiterates. Nestlé’s managing director countered, “No one has yet hit on the idea of demanding that wine be sold through doctors or pharmacies because hundreds of thousands of people get drunk on it and sometimes cause fatal accidents.” Nestle officials insisted that their advertising has always stressed as one billboard in Nigeria put it, that “Breast Milk Is Best.”

When the final hearing began, Nestle withdrew three of the four libel charges it had made against the group. These charges had concerned the allegations that Nestle dressed sales representatives as nurses to increase sales of its Lactogen milk powder and asserted in advertisements that Lactogen makes children healthier and more intelligent. The only charge retained by Nestle involved the title on the pamphlet. “Nestle Kills Babies.”

In what The Economist (December 6, 1975, 92) called a “happy coincidence,” a new ethical code drawn up by an international baby food makers’ council appeared in November 1975. The code governs advertising and promotional materials for Third World consumers. It was adopted by nine infant food processors, including Nestle. The code had been under discussion for years.

The Decision

In June 1976 the court ruled that the pamphlet’s title was indeed defamatory. In his decision, the judge stated that the cause behind the injuries and deaths was not Nestlé’s products; rather it was the unhygienic way they were prepared by the end users. However, the judge ordered the 13 members of the group found guilty to pay only token fines: 120 dollars each plus an additional 160 dollars toward Nestlé’s legal expenses. Furthermore, the judgment then stated, “Nestle has to carry out a fundamental reconsideration of its promotion methods if in future it wants to avoid charges of immoral and unethical behaviour.”

The defendants indicated they would appeal the verdict.

Appendix

Nestlé’s Response

On November 28, 1975, Dr. Arthur Furer, Managing Director of Nestle Alimentana S.A., held a press conference in Bern to defend the company against

its attackers. Following are extracts from the press conference (from 1975 Annual Report Supplement 1-4):

We have been making and selling baby foods in the world for over 100 years. We have been doing the same in developing countries for over 50 years. During this period, infant mortality has considerably declined in these countries. Our products have greatly contributed to this. So much so that more zealous members blame us for the population explosion in the developing countries.

In 1974, the British aid-for-development organization War on Want published a report titled "The Baby Killer." As the title on the first page shows, the target is the feeding bottle. The author, Mike Muller, refers in his report to mothers wrongly using baby milk in the developing countries; he blames the manufacturers who advertise these products.

Professor Mauron and Dr. Muller have reminded you of the situation of the babies in the developing countries. We have been concerned with this matter for several decades, not merely since the existence of "War on Want" and a group called, "Arbeitsgruppe Dritte Welt." The two speakers who have just addressed you have clearly explained that these countries need milk formula foods if many infants have to survive. The problem is not solved by ordering mothers to breast-feed their infants until they are four years old. Nor is the problem solved by having baby foods sold exclusively by doctors, pharmacies, and dispensaries. There are far too few of them. Nor would a ban on advertising help solve the problem, since there is an urgent need for these foods. Mothers must be made aware of these products and the manufacturer has the right to draw their attention to them. The governments of the concerned countries have always understood this.

However, this right also creates obligations. The first obligation is self-evident. It is the obligation on the manufacturer's part to make good products.

The manufacturer's second obligation relates to the advertising he does. In my opinion, it is obvious that the advertising must not contain any false indications leading to possible error. In the developing countries, there is the added fact that a fair percentage of mothers are illiterate, disregard the fundamental rules of hygiene and do not have the means to buy our products. To begin with – let's be quite open about it – we are not responsible for this state of affairs. We can help to keep children alive with our products, but we can't teach large sections of the population to read and write anymore than we can radically change the living conditions of millions of people. The only thing the products can do is to instruct and advise the mothers. We have been doing this for decades, and we shall improve our efforts in the light of experience as time goes on. The methods

employed by our allied companies to sell milk foods for infants can be summarized as follows:

- Our subsidiaries take the greatest trouble to instruct expectant mothers by means of specialized brochures, tables, leaflets, and films on the care to be given to nursing infants. We have also consulted old brochures and found that for very many years we have drawn attention to the fact that breast feeding is best. We have always stressed the fact that infant milk formulas are primarily intended to supplement mother's milk which, if the mother is feeding the baby herself, is not always sufficient to meet the infant's growing needs.
- These brochures have been so clearly illustrated for many years that even the illiterate can understand them.
- The packages contain all the relevant instructions, set out in simple manner, for preparing the food hygienically.
- Mothers and expectant mothers receive advice mainly through the clinics, doctors and consultations.
- To advise young mothers, we also engage the services of qualified midwives or nurses in various countries who work closely together with those responsible for consultation.
- Newspaper advertising seldom occurs.
- Slogans relating to our milk formula foods have been broadcast on the radio in various countries.
- The TV medium has been used only in a few countries.

In spite of everything, I am willing to admit that the War on Want report has made public opinion aware of a real problem. However, one fails to understand why the matter is blown up like this in a country such as ours where hygienic conditions are satisfactory.

There are plenty of other problems of hygiene and common sense that deserve attention in the developed countries.

But no one has yet hit on the idea of demanding that wine be sold through doctors and dispensing chemists because hundreds of thousands of people get drunk on it, cause fatal accidents, or take the risk of cirrhosis, which may endanger their lives.

No one has called for a ban on automobile advertising, despite the fact that many drivers are really incapable of driving properly, with the result that hundreds of thousands of people are killed on the road every year.

	<p>No one has thought of banning TV just because some program or other brings cruelty, violence, shooting, and murder to the remotest homes day after day. Such programs are jointly responsible for the increase in brutality and for corrupting the minds of viewers; thus the program sponsors bear their share of responsibility for the frequent crimes that being committed in Switzerland.</p> <p>These problems are serious – one man’s meat is another man’s poison – and no one can be prevented from drawing public attention to them. But it is reasonable to expect that those who are criticized are should deal with the matter and closely examine all possible ways and means of improving the situation.</p> <p>This is what we ourselves did once again after the publication of War on Want report, if only for the simple reason that even in a large organization there are matters that have not been given sufficient thought.</p> <p>We are surprised at the extent to which some radio and TV stations have been carried away by this flood of propaganda. It is no excuse to say that we were also invited to put forth our views. Firstly, because this was not always the case, and secondly because when we were invited, the public could at least have been told the reason for our absence, namely that we did not wish to make a public pronouncement before the initial hearings of the case.</p> <p>The first act in the libel suit took place before the Court yesterday and the day before. At a public hearing, the judge has listened to the plaintiff and the defendants. Thus, we now think it appropriate to take a public stand.</p> <p>Finally, I should like to give those who claim they have interests of the Third World at heart, a little further food for thought:</p> <p>The women of the Third World – they too have a right to avail themselves of modern feeding methods if they unable to breast-feed their babies because of physical incapacity, because of work they do, or for any other reason. Before insisting that they nurse their children for three or four years, one would do well to ask Swiss mothers what they think of about it. White women are not the only ones entitled to some relief in feeding their babies or to keeping their figure attractive.</p>		
Q 1	Was Nestle’s response to the above highlighted crisis justified and what all consequences did they face because of it.	15	CO4
Q 2	You are required to give the recommendations & guidelines to the company, based on Nirmalya Kumar’s formula for a firm to deal with a crisis.	15	CO4