

**GUJARAT TECHNOLOGICAL UNIVERSITY**  
**MBA – SEMESTER –III-EXAMINATION – SUMMER-2022**

**Subject Code: 1539312****Date: 18-07-2022****Subject Name: Global Marketing & Communication****Time: 02:30 PM TO 05:30 PM****Total Marks: 70****Instructions:**

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

- Q.1 Definitions** **14**
- (a) Global Localization  
 (b) National controls  
 (c) Licensing  
 (d) Horizontal Keiretsu  
 (e) Labeling  
 (f) Law of One Price  
 (g) Brand Extension
- Q.2 (a)** Explain EPRG classification to International Marketing. **07**
- (b) Discuss various modes of entry in international markets **07**
- OR**
- (b) Discuss The Target-Costing Process. **07**
- Q.3 (a)** Aesthetics play a very important role in product presentation. Discuss. **07**
- (b) Identify the four retail market expansion strategies. What factors determine the appropriate mode? **07**
- OR**
- Q.3 (a)** Compare & contrast local products & brands, international products & brands, and global products & brands **07**
- (b) A needs-based approach to product planning in context with Asian hierarchy of needs **07**
- Q.4 (a)** Discuss various Decision Areas in International Advertising **07**
- (b) Discuss factors influencing international marketing communication decisions **07**
- OR**
- Q.4 (a)** Compare material culture and nonmaterial culture. Why is it important for global marketers to understand the relationship between them? **07**
- (b) What are the advantages and disadvantages of a joint venture as a global market entry tool? Give examples of joint venture companies from different countries that have ventured successfully. **07**

## Q.5

### Case Study

The laws of supply and demand imply that a price equilibrium will be reached where the quantity of a product that buyers want to buy exactly matches the quantity that sellers want to sell. Why then should this equilibrium price differ, sometimes quite markedly, between different countries?

The price charged for the same goods varies widely between European countries. A study undertaken by the Consumers Association in 2001 showed continuing differences in the price of cars in different EU countries, with a Ford Mondeo car costing almost 50% more in Germany than in Spain. For drugs, where government intervention plays a big part, a study by Lehman Brothers found that the difference between the cheapest and most expensive countries was as big as 300%. Part of the reason for this variation can be found in different tax rates. For example, the rate of VAT levied on some electrical goods varies between zero in Finland and over 30% in France. Transport costs can also make a big difference to bulky goods which have to be moved to areas where local production is not possible. The variability of prices around the mean tends to be relatively low for low volume, high value goods (e.g. computer software) which can enter international trade relatively easily.

Regional tastes can also make a difference to prices. For example, the Dutch on average eat nine times as much yoghurt as the Irish. The higher turnover of yoghurt in Dutch supermarkets results in mass-market competition which helps to drive down prices, while it remains a relatively niche market product in Ireland. The result is that yoghurt costs one-third as much in the Netherlands as it does in Ireland. Even for broadly similar products, differences in tastes may lead to reconfiguration of a product, thereby losing economies of scale and putting upward pressure on prices. As an example, the fish fingers sold in Belgium taste different to those sold in the UK. Where such product differences are noticeable, the possibilities for importing goods from a low price market to a high price one are made more difficult.

Travel, education and international media channels are leading to a homogenization of tastes, but regional differences remain strong and are likely to remain so. As an example, Heinz's baked-bean pizza is unlikely ever to find much favour outside the UK. Differences in climate and geography will continue to result in differences between markets in the products consumers prefer to buy, so thermal underwear will remain a niche market product in Greece, but a mass-market product in Norway.

There has been hope that use of the Euro will bring about some harmonization of prices throughout Europe. The theory is that with all prices quoted in Euros, consumers will be able to make immediate price comparisons and it may be difficult for sellers to maintain price differentials. Some companies, such as Mercedes Benz have already developed a single European price list. Such an approach may be bad news for companies who have relied on high prices in some national markets to boost their global profits. The consultant McKinsey made a study of the automotive components business and calculated that a 1% change in price can result in a 10-15% change in profits.

Is a harmonization of prices across Europe inevitably going to result from the introduction of a single European currency? Evidence from the United States suggests that price differentials may still remain. There, despite the existence of a common currency, price variation around the mean is about 12%, or half the level found in Europe in 2000. Even within the UK, the universal use of Sterling has not prevented regional price discrepancies persisting. Here, the going rate for petrol in one town can be between 5 and

10 per cent different compared to a town just 20 or 30 miles away. This may seem remarkable considering the mobility of buyers and the ease of shopping around for petrol.

- (a) Using an analysis of supply, demand and equilibrium price, Explain why price differences for certain goods exist between different countries in Europe. **07**
- (b) Using appropriate economic analysis, explain the process by which price levels are likely to become more harmonized throughout Europe as a result of the development of the Euro **07**

**OR**

- (a) Identify the barriers that may prevent a common price equilibrium from occurring for goods and services throughout Europe. **07**
- (b) Is there any hope of a single European market harmonizing prices when there are such discrepancies of commodity-type products within a single country? **07**

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