

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA – SEMESTER –III-EXAMINATION – WINTER-2022

Subject Code: 1539312**Date:04/02/2023****Subject Name: Global Marketing & Communication****Time:10:30 AM to 1:30 PM****Total Marks: 70****Instructions:**

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.
4. Use of simple calculators and non-programmable scientific calculators are permitted.

- Q.1** Definitions **14**
- a) Bottom of pyramid
 - b) Describe offshoring and outsourcing.
 - c) Describe the terms most, less and least developed economies.
 - d) Describe brand equity and brand parity.
 - e) What is counterfeiting?
 - f) Describe low- and high-context cultures.
 - g) Damage Control

- Q.2** (a) Make a list of the most common barriers to individual interpersonal communication. Explain how these factors become more complicated in international marketing. Explain how each of these variables also constitutes a barrier to communication throughout an organization. **07**
- (b) Describe the differences and similarities between dumping, penetration pricing, and predatory pricing. How might Weber's Law be relevant to this discussion? **07**

OR

- (b) Discuss how the four non-traditional marketing methods would fare in low-context cultures. Explain how the methods match or do not match such a culture. Explain how each would be different in high-context cultures. **07**

- Q.3** (a) Discuss how well you think online retailing would work for the following products: **07**
- Groceries
Appliances
Fast food
Business products
- (b) A Strategy for reaching global markets, licensing provides the licensor with several advantages over franchise .Discuss **07**

OR

- Q.3** (a) Explain which approach, market concentration or market spreading, should be the primary strategy used in the following situations **07**
- A new type of sports energy drink
3D digital video players
Coffee made in Africa
Tennis equipment by a manufacturer in Brazil

- (b) Global products are most commonly seen in industries where there is little convergence of buyer preference across national borders **07**
- Q.4 (a)** The halal beauty and personal care products sector is growing in Turkey. There are many successful vegan beauty brands such as Pacifica, skyn ICELAND, and Color Proof hair care. You have decided to introduce a vegan beauty brand in Turkey. How would you enter this market from both a retail format and Foreign Direct Investment (FDI) perspective? **07**
- (b) Describe the difference between a global standardization strategy and localization strategy. **07**

OR

- Q.4 (a)** There is a difference between low and high culture. Is IKEA trying to position its brand to be one or the other? Would this be different depending on the location? **07**
- (b) Explain five 5 factors that impact the communication messages in international markets. Give examples. **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 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**