



MANICALAND STATE UNIVERSITY OF APPLIED SCIENCES

FACULTY OF AGRIBUSINESS AND COMMERCE

DEPARTMENT: BUSINESS MANAGEMENT

MODULE: INTERNATIONAL MARKETING

CODE: HMM 405

SESSIONAL EXAMINATIONS

NOVEMBER 2022

DURATION: 3 HOURS

EXAMINER: MR M SITHOLE

INSTRUCTIONS

1. Answer *All* questions in Section A
2. Answer *any three* questions in Section B.
3. Start a new question on a fresh page
4. Total marks 100
5. Credit will be given for appropriate use of examples

Additional material(s): None.

SECTION A: COMPULSORY

(Answer all questions in this section. Section A carries 40 marks)

QUESTION 1

Read the following case study and answer the questions that follow:

NESTLÉ: A “GLOCAL” COMPANY

Henri Nestlé founded Nestlé SA in 1867 to market his baby formula. The Swiss-based Nestlé is the world’s largest food and Beverage Company, with \$71 billion in annual sales and almost 230,000 employees around the world. It markets some 8000 brands that include instant coffee (first produced by the company’s scientists in 1938). The company has more than 500 factories in more than eighty countries. Remarkably, its products are sold in every country in the world, including in North Korea. During the past two decades, the company spent \$40 billion to acquire Friskies in 1985, sauce maker Buitoni in 1988, and Perrier in 1992. Recently, the company acquired Ralston Purina Co., North America’s leading pet-food manufacturer, for \$11 billion.

Nestlé’s strategic goal involves a transformation of far-flung operations into a single global entity. To increase its efficiency and competitiveness while adding value to its products, Nestlé has consolidated its production and marketing activities. Countries are grouped or regrouped according to close geographic links and similar consumption behaviour. For example, Thailand, Vietnam, Myanmar, and Cambodia comprise one Indochina sub-region market. The other groups include India and Pakistan, Singapore and Malaysia, and Australia and New Zealand. This strategy aims to develop brands and products on a regional basis so as to create a larger critical mass.

Nestlé’s CEO, Peter Brabeck-Letmathe, certainly reflects Nestlé’s international

mentality. This native of Austria started his first foreign assignment in Chile. Subsequently, he was a manager in Venezuela and Ecuador. At home with his Chilean wife and children, he speaks Spanish. In addition, he speaks French, Italian, Portuguese, and English.

As a multinational corporation, Nestlé crosses cultural borders. It understands that food is and has always been a local product. A Bavarian soup will not appeal to noodle lovers in Taiwan. As a result, the company has been practicing a balancing act by trying to simultaneously achieve economies of scale and yet cater to a variety of cultural preferences. In effect, Nestlé is a “glocal” company that thinks global but acts local.

The Nestlé case exemplifies the importance of international marketing and the desirability of transforming a national company into a multinational firm. In one of its advertisements Nestlé mentions that Switzerland’s lack of natural resources forces the company to depend on trade and adopt the geocentric perspective (see Figure 1.1). Worldwide competition has been intensifying, and in time companies that are not internationally inclined will be adversely affected. Rather than being reactive or defensive, a wise marketer must shed a rigid mentality and embrace a more progressive and flexible view of the world market. Potential problems can thereby be transformed into challenges and opportunities.

Required

- a) With reference to the case study, demonstrate your understanding of the following terms:
 - i. International marketing. (4 marks)
 - ii. Multinational company. (4 marks)
 - iii. Cross cultural differences. (4 marks)
 - iv. Environmental divergence (4 marks)

- v. Environmental convergence (4 marks)
- b) Using evidence from the case study, discuss the implications of cross cultural differences to international marketing. (12 marks)
- c) What are some of the risks associated with international marketing? (8 marks)
- [Total marks: 40]**

SECTION B

(Answer any 3 questions from this section. Each question carries 20 marks)

QUESTION 2

Using practical examples, critically discuss the five stages of international involvement. **[20 marks]**

QUESTION 3

With reference to a company of your choice, explain the relevance of communication technology convergence and ubiquity in international marketing. **[20 marks]**

QUESTION 4

Assess the impact of the following on developing a product for overseas market.

- (a) Private brands (5 marks)
- (b) Compatibility (5 marks)
- (c) Adaptation (5 marks)
- (d) Innovation. (5 marks)

QUESTION 5

With the aid of real-life practical examples, justify the adaptations a business person from a low context culture has to make when engaged in a business deal with a dealer from a high context culture. **[20 marks]**

QUESTION 6

Using practical Zimbabwean examples, explain the following foreign market entry strategies:

- i. Foreign direct investment (4 marks)
- ii. Exporting (4 marks)
- iii. Licensing (4 marks)
- iv. Joint venture (4 marks)
- v. Strategic alliances (4 marks)

[Total marks: 20]

END OF EXAMINATION