

UNIVERSITY OF SWAZILAND
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION
MAIN EXAMINATION PAPER MAY 2005

- TITLE OF PAPER : INTERNATIONAL MARKETING
- DEGREE AND YEAR : B. COM. IV
- TIME ALLOWED : THREE (3) HOURS
- COURSE CODE : BA 423
- INSTRUCTIONS :
 1. TOTAL NUMBER OF QUESTIONS IN THIS PAPER (6)
 2. SECTION A IS COMPULSORY. ANSWER ANY TWO QUESTIONS FROM SECTION B
 3. THE MARKS TO BE AWARDED FOR EACH QUESTION ARE AS INDICATED ALONGSIDE THE QUESTION

NOTE: MARKS WILL BE AWARDED FOR GOOD COMMUNICATION IN ENGLISH AND FOR ORDERLY AND NEAT PRESENTATION OF WORK. FURTHER MARKS WILL BE AWARDED FOR THE USE OF RELEVANT EXAMPLES

SPECIAL REQUIREMENTS: NONE

THIS PAPER SHOULD NOT BE OPENED UNTIL PERMISSION TO DO SO HAS BEEN GRANTED BY THE INVIGILATOR.

SECTION A CASE STUDY: THE ECOSCOOT

Ecoscoot Manufacturers, a Gauteng-based manufacturer of electric motors and accessories, obtained the licence to become South Africa's first manufacturer and distributor of an electric-powered, battery-driven, scooter. An electric-powered vehicle is a vehicle (car, bus, scooter, utility vehicle, etc) driven by an electric motor which draws current from one or more rechargeable batteries. When the vehicles finish work for the day, they are 'plugged in' to the electricity supply and the batteries are recharged overnight.

The Ecoscoot is an electric-powered scooter which weighs between 60 and 80 kg, driven by 24-volt motor creating 1 horse power on a continuous rating and 2 horse power on an insufficient and maximum rating. It has a range of up to 40 km. Rider weight, hilly terrain, and cold temperatures can affect maximum range. The top speed is intentionally limited to 48 km/h to maximise range and allow the scooter to be registered and licensed as a motorised bicycle. The Ecoscoot's built-in charger plugs into any 220-volt outlet. A full charge from 80% discharged batteries takes about six hours, but shorter trips will require much less charging time. A light on the dash comes on while the batteries are charging and flashes when they are completely charged. The scooter cannot be operated while plugged into the electricity mains.

The Ecoscoot requires almost no maintenance compared to a petrol-powered scooter. Batteries will require topping up with distilled water about once a month with daily use in hot climates (less often in winter and with less use). The only other maintenance is the occasional adjustment of brake cables and the drive chain and lubrication of the chain. Any bike or motor scooter shop can do these simple adjustments. The scooter is designed for lead acid batteries available at most battery retailers. They retail for R180 each, depending on location and quality. Battery life could vary from six months to two years depending on the extent of repeated deep discharging and the lack of periodic maintenance.

Anyone who can ride a bicycle can ride the Ecoscoot. In fact, it's simpler. Insert the key, turn the accelerator grip, and away you go, smoothly and silently. Never any hard starting, jerky shifting or clutch work: the Ecoscoot is completely automatic. To slow down, back-off the accelerator and drive at the speed desired. To stop, gently squeeze the handbrakes to activate powerful front and rear drum brakes. While riding, the Ecoscoot makes very little noise; when stationary, it's completely silent. Best of all, the Ecoscoot creates no pollution as you ride, and uses less energy and costs less per kilometre than any other form of powered transportation.

Market research showed that there is a relatively high interest in this product amongst the youth (school children, college students) as well as amongst industrial users such as businesses, manufacturing plants, holiday resorts, and golf clubs. The latter are interested in using the Ecoscoot for deliveries, internal transport, game viewing, fun vehicles and golf carts, respectively. It appears, furthermore, that the Ecoscoot appeals less to males than to females. This is mainly due to a lack of speed, performance and 'macho' image.

QUESTIONS

- i) Why would Ecoscoot Manufacturers consider the possibility of entering the international market? [10 marks]
- ii) What issues should the management of Ecoscoot Manufacturers consider before deciding to enter the international market? [5 marks]
- iii) Suppose Ecoscoot Manufacturers decide to enter the international market. Recommend the possible entry and development strategies it can use. [15 marks]
- iv) Develop a marketing mix for Ecoscoot Manufacturers in the international market [10 marks]

SECTION B ANSWER ANY THREE QUESTIONS IN THIS SECTION

QUESTION TWO

- 1a) Discuss the distinguishing features of the Japanese distribution system [5 marks]
- b) Describe the benefits and problems of a small retailer that wants to get international sales through e-commerce [15 marks]

QUESTION THREE

- a) What is material culture? Use examples to illustrate its implications for international marketing [5 marks]
- b) Discuss Hofstede’s dimensions of culture. How relevant are these in Swaziland business? [15 marks]

QUESTION FOUR

- a) Discuss the economic, social and political roles of regional integration [10 marks]
- b) Explain the concept of ‘selective contestability’ and show how a company can use it to succeed in its international markets [10 marks]

QUESTION FIVE

- a) Describe the various forms of foreign commercial payments available to a firm [10 marks]
- b) Discuss the reasons why companies use countertrade as a pricing tool. What are the major problems facing companies that use countertrade as a pricing tool? [10 marks]

QUESTION SIX

Use Young et. al’s model of segmenting international markets to describe international marketing segmentation [20 marks]