

UNIVERSITY OF SWAZILAND
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION
MAIN EXAMINATION PAPER MAY 2006

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
THREE 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:

TAMBRANDS-OVERCOMING CULTURAL RESISTANCE

Tampax, Tambrand's only product, is the best-selling tampon in the world with 44% of the global market. Only 100 million of the 1.7 billion eligible women in the world currently use tampons. In planning for expansion into a global market, Tambrands divided the world into three clusters, based not on geography, but on how resistant women are to using tampons. The goal is to market to each cluster in a similar way.

Most women in **Cluster One**, including the USA, the UK, and Australia, already use tampons and may feel they know all they need to know about the product. In **Cluster Two**, which includes countries such as France, Israel, and South Africa, about 50% of women use tampons. Some concerns about virginity remain and tampons are often considered unnatural products that block the flow. Tambrands enlists gynaecologists' endorsements to stress scientific research on tampons. Potentially the most lucrative - but infinitely more challenging - group is **Cluster Three**, which includes countries like Brazil, China and Russia. There, along with tackling the virginity issue, Tambrands must also tell women how to use a tampon without making them feel uneasy. While the advertising messages differ widely from country to country, Tambrands is also trying to create a more consistent image for its Tampax tampons. The ads in each country show consecutive shots of women standing outside declaring the tampon message, some clutching a blue box of Tampax. They end with the same tagline, "Tampax. Women Know." While marketing consultants say Tambrands' strategy is a step in the right direction, some caution that tampons are one of the most difficult products to market worldwide.

"The greatest challenge in the global expansion of tampons is to address the religious and cultural mores that suggest that insertion is fundamentally prohibited by culture," says the managing director of a consulting company. "The third market (**Cluster Three**) looks like the great frontier of tampons, but it could be the seductive noose of the global expansion objective."

A Tambrands spokeswoman says the company is aware that even within **Cluster Three**, cultural and religious barriers vary. While the company's sales are increasing in some countries like Russia, Tambrands isn't targeting Muslim countries, she says. While Tambrands gears up for international expansion, it is also increasing ad spending in its mainstay USA market. Its new focus in the USA is to encourage women to use tampons overnight. Using the **Cluster One** approach of pitching to an already educated and knowledgeable audience, a new ad tries to tease women with a provocative question, "Should I sleep with it, or not?"

The company's new global campaign for tampons is a big shift from most feminine-protection ads which often show frisky women dressed in white pants biking or turning cartwheels, while discreetly pushing messages of comfort. The new campaign features local women talking frankly about what has been a taboo subject in many countries. A recent Brazilian ad shows a close-up of a tampon while the narrator chirps, "It's sleek, smooth and really comfortable to use."

Many women in **Clusters Two and Three** do not use tampons because they fear to lose their virginity. When they go to the beach in tiny bikinis, tampons aren't their choice. Instead, many women use pads and gingerly wrap a sweater around their waist. Through television ads, Tambrands is assuring women that they won't lose their virginity if they use tampons. Ads feature local women being surprisingly blunt about such a personal product. The company also assures women that there will be no leakage.

"In any country, there are boundaries of acceptable talk. We want to go just to the left of that," says the creative director of the advertising agency which is creating Tambrand's \$65 million ad campaign worldwide. "We want them to think they have not heard frankness like this before." In three months, the agency plans to launch new Tampax ads in 26 foreign countries and the USA. However, being a single product company, it is a risky proposition for Tambrands to engage in a global campaign and to build a global distribution network all at the same time.

The company approached Proctor & Gamble (P&G) about a buyout, and the two announced a \$1.85 billion deal. The move puts P&G back in the tampon business for the first time since its Rely brand was pulled in 1980 after two dozen women who used tampons died from toxic shock syndrome (TSS). P&G plans to sell Tampax as a complement to its existing feminine-hygiene products, particularly in Asia and Latin America.

P&G, known for its innovation in daily goods like disposable diapers and detergents, has grown in recent years by acquiring products and marketing them internationally. "Becoming part of P&G - a world-class company with global marketing and distribution capabilities - will accelerate the global growth of Tampax and enable the brand to achieve its full potential. This will allow us to take the expertise we've gained in the feminine protection business and apply it to a new market with Tampax," says the Tambrands' spokeswoman. Market analysts applauded the deal. "P&G has the world-wide distribution that Tampax so desperately needs," said a stock market analyst. "Tambrands didn't have the infrastructure to tap into growth in the developing countries and P&G does." In addition, P&G has expertise in the sanitary protection market as the world's biggest seller of sanitary pads under the Always brand name.

The company said it would use its strong research and development arm to improve the existing Tampax product and develop others. P&G's \$1.85 billion purchase of Tambrands Inc. will make the consumer product giant, already the biggest maker of feminine pads, the leader in the tampon market.

QUESTIONS

- i) Evaluate the wisdom of Tambrands becoming part of P&G [15 marks]
- ii) The company indicated that the goal of the global advertising plan was to "market to each cluster in a similar way." Discuss this goal. Should P&G continue with the stated goal? Why or why not? [10 marks]

- iii) For each of the three clusters identified by Tambrands, identify the cultural resistance that must be overcome. Suggest possible approaches to overcoming each resistance you identify. [15 marks]

SECTION B ANSWER ANY THREE QUESTIONS IN THIS SECTION

QUESTION TWO

- a) Define and discuss the idea of global orientation [5 marks]
b) Discuss the impact of the Japanese Keiretsu system on global competition [15 marks]

QUESTION THREE

- a) Distinguish between the following terms: cultural imperative, cultural adiaphora and cultural exclusive [5 marks]
b) How do businesses operating in high-and low-context cultures differ with regards to time management, space, gender relations, and power distance? [15 marks]

QUESTION FOUR

- a) Discuss, by use of examples, the major problems facing an international company trying to standardise its marketing communications [15 marks]
b) List and briefly describe the Newly Industrialised Countries' (NICs) growth factors [5 marks]

QUESTION FIVE

- a) Describe the benefits to a company of accepting the global marketing concept [5 marks].
b) What are the major factors that define a global approach to international marketing? [15 marks]

QUESTION SIX

Discuss, in detail, the four phases of the international marketing planning process [20 marks]