

UNIVERSITY OF SWAZILAND  
FACULTY OF COMMERCE  
-DEPARTMENT OF BUSINESS ADMINISTRATION  
SUPPLEMENTARY EXAMINATION PAPER JULY 2007

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: NIVEA**

**Read the case and answer the questions that follow**

Nothing can be more local than your own face and nothing can be more global than NIVEA, a worldwide brand of facial and body care products. A billion people in 160 countries have bought more than 11 billion containers of NIVEA crème.

Although NIVEA's cool blue on all its products seems modern, it's really timeless. NIVEA Crème was invented by Paul C. Beiersdorf, a German pharmacist, in 1911. NIVEA crème was the first affordable facial crème for the mass market. Even the packaging is timeless - since 1924, NIVEA has come in its familiar blue container. Since the invention of NIVEA crème, the company has branched out into a wide array of personal care products, such as body lotions, soaps, shampoos, make-up, baby care, men's facial and shaving products, and sunscreen. In 2004, Beiersdorf's sales of NIVEA products amounted to 2.7 billion Euros.

NIVEA's global branding for such a personal product reflects the fact that the differences between people really are only skin deep. Underneath, we all want to look good on the surface. "In the summer, women wear short dresses, shorts, skirts and tank tops, and they want to look good from head to toe," explained Catherine Fair, director of marketing, NIVEA Body, Beiersdorf.

That's why NIVEA standardizes globally on the core values in all its marketing. "NIVEA has been synonymous with skin-care around the world and represents core values of human co-existence, such as care, reliability, understanding, humanity, love and harmony," said Ann-Christin Wagenmann, Beiersdorf Managing Director. These values are a part of each campaign in every country. Only one marketing strategy should be used worldwide, NIVEA believes.

Despite NIVEA's worldwide presence, a quick survey reveals that, regardless of where they live, NIVEA's customers believe that the company's products are locally manufactured and marketed. Why? Because NIVEA carefully adjusts the marketing mix to cater to local cultures and preferences. Helping people look their best requires adjustments for different beauty fashions, age groups, and ethnic groups.

For example, in 2002, Beiersdorf launched the NIVEA Body Silky Shimmer lotion to meet the trend for glamorous, jeweled-looking skin, especially in the warmer months. Yet the single-variety product didn't work equally well on all skin types - the shimmering pigments did not show up as well on darker skin as they did on fair skin. "We realized we were ignoring 50 percent of the female population in the U.S.," said Ms. Lair. So in 2004, Beiersdorf repositioned the brand with two varieties: NIVEA Body Silky Shimmer lotion for Light to Medium Skin and NIVEA Body Silky Shimmer lotion for Medium to Dark Skin.

NIVEA's global/local strategy also extends to the Web. All of NIVEA's international Web sites share a common design to ensure "consistent worldwide brand identity, emphasizing its skincare

competence and strengthening customer loyalty, especially in younger target groups," says the company. Behind the scenes, a content management system and online style guide gives Beiersdorf global control of marketing-related media.

The result is consistent brand appearance and cost-efficiency. Yet the company customizes its Web sites for some 30 different countries. Language, product emphasis, and the choice of photographic models all help give NIVEA an online image suited to that country.

This localization is much more subtle than just showing ethnically-local models in NIVEA's ads or on the Web. In some countries, such as Japan, sales actually improve when Western models are used. Sometimes, the best localization highlights the foreignness of the product.

A modular site design lets NIVEA tailor the site for the products available in that country. For example, NIVEA doesn't sell NIVEA Baby Care products in its home country of Germany, so all Web elements related to that product are absent from NIVEA.de.

NIVEA also supports the ultimate in localization - one-to-one advice on an array of beauty and body care topics. "Advice is one of NIVEA's core competencies. That's why we aim to offer the highest possible standard of advice via our international Web sites. The specifically-developed contents targeted at the various audiences of these advice modules fully meet those claims," said Dominik Dommick, who is responsible for eBrandManagement at Beiersdorf.

This combination of globalization and localization works. In a consumer survey of trusted brands in 14 different countries in Europe, NIVEA was named the #1 most trusted brand of skin care in every one of them - from fair-skinned Sweden to darker-complexioned Italy. In a broader survey of 57 countries and a wider variety of brands, NIVEA brands took 183 first-place positions. NIVEA has market-share leadership in dozens of countries. Now, NIVEA is turning its sights toward China. With a fast-growing middle class, NIVEA is enjoying 30 percent growth as newly-minted consumers turn their attention to looking good.

"Outstanding quality products to meet consumer needs at the right time and constant updating of the advertising approach - these are the essential factors in NIVEA's success, keeping the brand young, attractive, sympathetic, and familiar," said Mr. Uwe Wolfer, Board Member of Beiersdorf AG.

### **Questions**

- a) Does NIVEA offer a standardized marketing strategy and mix or an adapted marketing strategy and mix? Justify your answer by discussing both standardization and adaptation strategies [15 marks]
- b) What makes it easier for some products to be both global and local? [5 marks]
- c) How does technology affect NIVEA's ability to be both global and local? [5 marks]

Source: Armstrong, G. & Kotler, P. (2007), Marketing: An Introduction, Pearson Prentice Hall, Upper Saddle River, New Jersey.

**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) 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? In your discussion you need to include a section on future orientation. [15 marks]

**QUESTION FOUR**

- a) 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 FIVE**

- a) Discuss the sources and solutions of parallel imports and their effect on price (15 marks)
- b) Discuss the problems that an expatriate sales manager may face while supervising local sales reps [5 marks]

**QUESTION SIX**

Using examples, discuss the stages of the international research process in relation to the problems encountered [20 marks]