UNIVERSITY OF SWAZILAND

FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION

MAIN EXAMINATION 2011

FULL-TIME AND I.D.E.

TITLE OF PAPER : INTERNATIONAL MARKETING

COURSE : BA 423

DEGREE AND YEAR : BCOM 4

TIME ALLOWED : THREE (3) HOURS

INSTRUCTIONS:

1. **THIS PAPER CONSISTS OF SECTIONS (A) AND (B)**
2. **SECTION (A) IS COMPULSORY**
3. **ANSWER ANY THREE (3) QUESTIONS FROM SECTION B**
4. **THE TOTAL NUMBER OF QUESTIONS IN THIS PAPER IS FIVE (5)**

NOTE; MARKS WILL BE AWARDED FOR GOOD COMMUNICATION IN ENGLISH AND FOR ORDERLY PRESENTATION

THIS EXAMINATION PAPER SHOULD NOT BE OPENED UNTIL INVIGILATOR HAS GRANTED PERMISSION

SECTION A (COMPULSORY)

READ THE FOLLOWING CASE AND ANSWER THE QUESTIONS BELOW

Coca-Cola is a well-established American company that has aggressively pursued foreign markets. One of the most attractive foreign markets is Japan. Although Coca-Cola has been bottling its flagship Coke since 1915, it was not widely available in Japanese markets until 1960. Today, Japan is the company's most important international market. Originally, the license to distribute Coke in Japan was purchased by a Japanese businessman. This approach of partnering with a foreign businessperson wasn't common practice at that time. As it turned out, the partnering strategy was vital to Coke's success in the Japanese market, and was a precursor to the partnering strategy that is widely used today by large, multinational corporations. Over the years, Coke has applied the partnering approach with companies like Mitsui and Mitsubishi to build up its bottling and distribution operations across the country. Today, Coca-Cola Japan calls itself a "multilocal," rather than a multinational, company. Local expertise offered by the Japanese bottlers was essential in introducing the new products to Japan. Local expertise also allowed the company to circumvent the traditional mode of distribution of foreign products in Japan, bypassing wholesalers and selling directly to retailers.

Frank Kelly, Jr., senior vice president and marketing director, Coca Cola (Japan) Co., Ltd., said, "When we introduced Coca-Coca we introduced the 'store door' delivery system. In the beginning, we had a very difficult time convincing the local population that this was the way to go. The second major hurdle was that, in the beginning, all of our products were sold for cash. In Japan, based on cultural experiences, bills were only paid once or twice per year." Because of these different expectations, the Japanese retailers would send Coke's drivers away and tell them to come back when they had returned to their senses and were ready to behave like "normal people."

Despite these difficulties, Coke persisted, and within a few years the company was able to convince the Japanese of the value of its style of doing business. Still, the company made a few concessions to the Japanese traditions. For example, at the Fuji Bottling plant, most of the workers have a lifetime employment contract. This reflects the Japanese belief that long-term commitments result in more-productive workers. Inside the plant, decision making is based on

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Despite these difficulties, Coke persisted, and within a few years the company was able to convince the Japanese of the value of its style of doing business. Still, the company made a few concessions to the Japanese traditions. For example, at the Fuji Bottling plant, most of the workers have a lifetime employment contract. This reflects the Japanese belief that long-term commitments result in more-productive workers. Inside the plant, decision making is based on consensus. Kelly says that Coca-Cola Japan operates as a "hybrid" company. "Here in Japan we do things such as assist our employees in purchasing a home with low interest loans. We have a number of social clubs within the company. What we have here is a lot of group activities. We do a lot of things as a team rather than as individuals."

Another key factor in the success of Coca-Cola Japan is that it creates and tailors new products to meet the tastes of local consumers. For example, the company has created an entirely new line of soft-drink products that are distributed only in Japan. Coke's advertising strategy in Japan also tries to cultivate its image as a good citizen, and to demonstrate the fact that its products have become a part of everyday life throughout Japan.

Over the years Coke has strengthened its position in Japan to a point where it now holds over 30 percent of the soft drink market share, and over 90 percent of the cola market. Its distribution system sells to over a million retailers, and it operates over 700,000 vending machines. Summarizing Coke's success in Japan, Kelly said, "I think that the most important thing that you have to learn as a foreigner in Japan is to develop, or to have, patience. Patience is very important because consensus building is a key to success here. So you have to be patient and you have to let things develop."

As Coke learned, doing business in international markets is a delicate balancing act. Companies must maintain the integrity of their products and leverage their knowledge of effective production processes, but they must also pay attention to the needs and demands of the foreign culture and of the foreign workers who operate their plants. Perhaps the key to Coke's success in Japan is that it never lost track of its need to be a good citizen.

Adapted from: T. Bateman & S. Snell. (1999) Management (Building Competitive Advantage). Irwin Mcgraw-Hill

QUESTION 1

a) Compare and contrast the United States and Japan in terms of low-context culture and high-context culture. **(20 MARKS)**

b) Do you think Coca- Cola would have succeeded to enter the Japanese market without the Japanese partner? Why or why not? **(20 MARKS)**

SECTION B (ANSWER ANY THREE QUESTIONS)

QUESTION 2

A manufacturer of satellite dishes is assessing the world market potential for his products. He asks you if he should consider developing countries as potential markets. How would you advise him? **(20 MARKS)**

QUESTION 3

a) What is meant by the phrase global strategic partnership? In what ways does this form of market entry strategy differ from more traditional forms such as joint ventures? **(10 MARKS)**

b) What is cherry picking? What approaches can be used to deal with this problem? **(10 MARKS)**

QUESTION 4

Discuss the potential environmental challenges that must be taken into account by a company that uses personal selling as a promotional tool outside the home country? **(20 MARKS)**

QUESTIONS 5

Discuss the difference between ethnocentric, polycentric, and geocentric global pricing strategies? Which one would you recommend to a company that has global market aspirations? **(20 MARKS)**