

UNIVERSITY OF SWAZILAND
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION
SUPPLEMENTARY EXAMINATION 2012
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 SECTION (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**

NIKE (www.nike.com) is the largest seller of athletic footwear and athletic apparel in the world. Nike sells their products to retail accounts, through NIKE-owned retail stores, and through a mix of independent distributors and licensees, in over 160 countries around the world. Nearly all the production of Nike's products (especially footwear) is outsourced to foreign independent contractors. In footwear most of the production is outsourced to China, Vietnam, Indonesia and Thailand. Most of this apparel production occurred in Bangladesh, China, Honduras, India, Indonesia, Malaysia, Mexico, Pakistan, Sri Lanka, Taiwan, Thailand, Turkey and Vietnam.

In fiscal year 2006 Nike recorded revenues of \$15 billion. The net profit was \$1.4 billion. At the end of fiscal year 2006 the number of employees was 28,000.

Forty years of effort and hard work has created a symbol that is recognized across the globe –the Swoosh. To be the biggest global sports brand, Nike focused on creating an innovative corporate culture, producing the best athletic shoes and conveying its deep beliefs and values to consumers. The company has created a culture that is based on its mission statement. The mission statement focuses on innovation and everyone is charged with being innovative. This focus has become razor sharp as Nike realizes everything a company does communicates something about the brand. A brand is the conglomeration of all activities a company and its employees take. Nike has built up substantial brand equity that has taken time and resources, but must be maintained and strengthened in order to stay on top in this highly competitive marketplace.

Producing a superior product means the difference between winning or losing by one second for athletes. That is Nike's main focus for product development. Partnerships with athletes are not just because of their status, but also because they are integral in the product development process. Every little difference in performance makes a difference for Nike because the company puts as much emphasis on the customer as on the product. Athletic endorsements also do help the brand because of the association and another dimension to the company. To increase market share in Europe, Nike needed to produce a strong soccer product, which it did with the help of star global soccer athletes.

The last element adding to Nike's growth is greater reach into diverse market segments. The three main segments are (1) performance athletes, (2) participant athletes and (3) those that influence the world and the culture of sport. A different promotional strategy is executed for each segment with many advertisements focusing on lifestyle first and the product second. Additionally, market research helped the company to develop the pyramid of influence, which showed that top athletes influence the majority of the market. Consequently, the company spent millions on celebrity sports endorsements. All of Nike's advertising, sponsorships, endorsements and other communication channels are integrated to tell a story about the Nike brand.

Question 1

- a) Explain why Nike has been successful in the world market. (20 MARKS)
- b) Nike uses outsourcing as one of its strategies to gain a competitive advantage in the global market. Discuss the advantages and disadvantages of this strategy. (10 MARKS)

SECTION B (ANSWER ANY THREE QUESTIONS)**QUESTION 2**

What are the advantages and disadvantages of using licensing as a market entry tool? Give examples of companies from different countries that use licensing as a global marketing strategy. **(20 MARKS)**

QUESTION 3

- a) How do local, international, and global products differ? Cite examples. **(10 MARKS)**
- b) Differentiate between individualism and collectivism. **(10 MARKS)**

QUESTIONS 4

Explain the difference between market capitalism, centrally planned capitalism, centrally planned socialism, and market socialism. Give an example of a country that illustrates each type of system. **(20 MARKS)**

QUESTIONS 5

- a) Identify the BRICS countries and then explain their importance to international marketers. **(10 MARKS)**
- b) Explain the reasons why exporters use countertrade as a pricing tool. **(10 MARKS)**