

Information on grading and pass/fail decisions, p. 7.

Task 1: Basic definitions and concepts in International Marketing (20 points)

Give brief definitions of the following terms and concepts used in international marketing. For each correct and complete definition you can reach up to 4 points.

These definitions have been addressed in the classroom as well as in the assignments.
With 4 points per definition, the definitions should be complete and correct.

Market responsiveness: 4 points

the ability and/or wish of a company to respond to the specific needs and preferences of national markets and adapt its product and marketing mix to national target markets.

Glocalization: 4 points

- The observation that many companies adopt a global marketing strategy while simultaneously adapting to local market/country conditions, e.g., country-specific differentiated product variants and/or communication, pricing and distribution strategies. OR
- The development and selling of products or services intended for global markets, but adapted to suit local culture and behaviour («Think globally, act locally»)

De-internationalization: 4 points

A process, which is determined by internal and external factors, where the multinational company shifts to a strategic configuration that has a lower international presence.

Global marketing mix (or: global marketing programme): 4 points

The marketing mix (4 P's: Product-Price-Place-Promotion) for international markets, which determines the implementation of the global marketing strategy

Foreign market entry mode: 4 points

- An institutional arrangement for the entry of a company's products and services into a foreign market. The main types are export, intermediate and hierarchical modes.
- Different ways for a company of operating on foreign markets (regarding first entry to as well as expansion on international markets)

5 definitions with 4 points each = 20 points in total.

Task 2: Internationalization theories and concepts (20 points)

Take one of the internationalization theories or concepts you have come to know in the course.

1. Describe the core message of the theory/concept (5 points).
2. List the key factors that influence a company's internationalization strategy (5 points).
3. Give two critical arguments that speak against the theory/concept (5 points).
4. Give a brief description of an ideal-type company that would fit the theory/concept perfectly with its internationalization strategy (5 points).

This topic was a key topic in the course. The students have had parts of this task in one assignment.

Ad 1: Core message - 5 points.

It was important here to give the key message of the model – why and how does a company internationalize?

<i>Uppsala model</i>	<i>Born global-approach</i>	<i>Network approach</i>
A company operates first in home-country or nearby, culturally close foreign markets. Afterwards, it gradually increases its global operations because the company learns and gains knowledge about foreign markets, as a result of time and experience, and/or because it becomes more familiar with the foreign market.	A company pursues a rapid global marketing strategy without preceding long-term domestic or internationalization experience: it has an innovative, unique product (often high-tech), its managers see the world as one global borderless market (country-specific differences and cultural issues don't matter), and/or it is a business start-up with a global product.	A company's network relationships to other (independent, globally operating) firms push its own internationalization: it exploits advantages from network-based internationalization, it learns about global markets, and/or expands its global operations, based on network relationships.

Ad 2: Key factors influencing a company's international strategy - 5 points.

Here I wanted to read the main factors highlighted in the model. At least two factors should be given, ideally three.

<i>Uppsala model</i>	<i>Born global-approach</i>	<i>Network approach</i>
<ul style="list-style-type: none"> ✓ Learning and experience ✓ Market knowledge ✓ Psychic distance ✓ Time and experience 	<ul style="list-style-type: none"> ✓ Entrepreneurial mindset ✓ Innovative, unique product for global markets ✓ High-technology company ✓ Social media and the internet 	<ul style="list-style-type: none"> ✓ Network relationships to companies at home ✓ Network relationships to companies abroad ✓ Learning and market knowledge

Ad 3: Criticism of the theory - 5 points.

Here I wanted to get two critical arguments. Note: We have only addressed criticism for the Uppsala model in the classroom. I will take this into consideration when I will be correcting the examination, that is, I will be more open to suggestions for the other theories.

<i>Uppsala model</i>	<i>Born global-approach</i>	<i>Network approach</i>
<ul style="list-style-type: none"> ✓ Not suitable for high-tech firms, firms from service industries ✓ Does not give an explanation of fast internationalization of companies (high-tech sectors, business start-ups) ✓ Outdated (model developed in 1970s), neglects influence of ongoing globalization since 1970s ✓ Does not explain firms investing abroad from the start ('leapfrogging' of specific international market entry modes) ✓ Neglects inter-dependencies between markets 	<ul style="list-style-type: none"> ✓ Cannot explain internationalization of all firms, especially small firms (some firms still cling to the gradual internationalization mode as proposed with the Uppsala model) ✓ Most suitable for high-tech companies, unclear how it fits other sectors ✓ Puts not much emphasis about opportunities to learn about foreign markets ✓ Does not explain how companies with scarce resources (SMEs) internationalize 	<ul style="list-style-type: none"> ✓ Overemphasis on inter-dependence of companies in the internationalization process ✓ Does not explain how companies internationalize outside network relationships

Ad 4: Ideal-type firm following the model/concept with its internationalization strategy - 5 points.

Here, I will be quite flexible regarding the answers given, but they should not be too far from the core of the theories.

<i>Uppsala model</i>	<i>Born global-approach</i>	<i>Network approach</i>
<ul style="list-style-type: none"> ✓ Small, inexperienced company from the manufacturing industry 	<ul style="list-style-type: none"> ✓ High-tech start-up companies with global markets, global business contacts and/or global outset by the managers/founders 	<ul style="list-style-type: none"> ✓ Company that is embedded in network relationships, e.g., in the automotive cluster or tier-producer system and is accompanying car manufacturers or top-tier manufacturers to foreign markets

4 bullet points with 5 points each = 20 points in total.

Task 3: The global marketing programme: Product decisions/branding (20 points)

We have addressed this topic in the course.

Read Exhibit 14.9. below and answer the following questions: What is the strategy about? What are its benefits for the companies? Should competitors choose this strategy? Why (not)? (10 points)

In this subtask, brief answers should address the three questions asked.

What is cobranding: a cooperation between companies with different brands, all of which have significant customer recognition. In the cooperation, all brands of the companies are retained and disclosed. 4 points

Benefits: Synergy effects and increased value creation for all involved company (exhibit: Shell – higher positive brand recognition, and brand image transfer); income generation (royalties income, exhibit: accruing for Ferrari); access to increased global distribution (exhibit: for LEGO). 4 points

Co-branding between competitors? No, the companies or brands should be complementary in a way that the product could be consumed independently of the other brand. Otherwise, the brands could cannibalize each other. 2 points

Exhibit 14.8 below shows an alternative branding strategy. What is this strategy about? What could be its potential dangers? (5 points)

In this subtask, a brief answer should address the two questions asked.

Private label strategy: use of the retailer's own brand (instead of the manufacturer's brand). Here, Kellogg went into the German market with two branding strategies: an own brand and a private label with the huge local retailer Aldi. 2,5 points

Dangers: Cannibalization between the two brands. Competition only based on the pricing, but not on other elements of the marketing mix. 2,5 points

Give two preconditions for a company to sell on international markets with its own brand that is known in the home country (or a third country of production). (5 points)

The student should give two arguments, this list is my suggestion but not exclusive:

- Established brand at least in some important foreign markets
- High brand loyalty of foreign consumers
- Opportunities for premium pricing strategies

2 arguments with 2,5 points each = 5 points

Total points: 10 + 5 + 5 = 20 points.

Task 4: The global marketing programme: Communication and pricing decisions (25 points)

First part: Communication decisions for global markets (15 points)

We have addressed this topic in the course. This task was more open, and I will be flexible with regard to the answers provided. The two parts can overlap a bit, which I will take into account during the corrections.

Why does TINE choose a locally adapted communication approach for the cheese brand 'Jarlsberg' in foreign markets instead of a standardized global communication strategy (e.g., standardized advertisements)? Give two arguments. (5 Points).

- Local advertisements can consider the specific language and images used in the market better (e.g., health and fitness concerns in the U.S.)
- Local advertisements can consider better the socio-cultural characteristics and behaviour of consumers in the target markets
- Local advertisements can better address specific target groups in a market abroad (e.g., health-conscious consumers in the U.S. versus upper-level grocery shoppers in the U.K. and Australia)

Describe briefly the different cultural characteristics or cultural attributes that are highlighted for the brand in each advertisement. (10 points)

- Russia: family values, tradition – cheese from Norway belonging to traditional Norwegian values.
- U.S.: health and fitness – cheese from Norway as a healthy dietary choice
- UK and Australia: luxury, premium cheese – cheese from Norway as a piece of luxury (maybe compared to local cheese brands)

In total: 5 + 10 = 15 points.

Second part: Pricing decisions for global markets (10 points)

We have addressed this topic in the course.

Define price escalation. What could exporters do to prevent price escalation? (6 points)

- Definition: all cost factors in the distribution channel (see illustration) add up to a high price for foreign consumers. Price escalation means the longer the distribution channel gets, the higher the final price in the foreign market can be. **3 points**
- Avoid price escalation: keeping the distribution channel as short as possible. Trying to replace importers with local wholesales in the foreign market. If possible, directly selling to retail stores abroad. **3 points**

When should a company adopt a skimming strategy for pricing its product on a foreign market? (4 points)

- Well-introduced premium brand and/or a specialized, unique product (with a brand)
- New product on the market and presence of early-adopters who would pay for it
- Low competition in the market/market segment

4 point for two arguments.

In total: 6 + 4 = 10 points.

Total points: 15 + 10 = 25 points.

Task 5: Entry modes to foreign markets (15 points)

This task was addressed both in the class and in an assignment.

What is the general difference between "intermediate" and "hierarchical" entry modes to foreign markets? (3 points)

- Intermediate modes: contractual foreign market entry modes where companies share control and risk; they might also share ownership. Medium-level of risk and control, low investment.
- Hierarchical modes: also called investment modes of foreign market entry. Companies choosing them have a high level of control, but also face a high risk. Investments are made, therefore little flexibility (sunk-costs).
- Comparison: Intermediate modes are less risky, offer more flexibility but a lower degree of controlling the foreign company than hierarchical modes

3 points. Not necessary to define both types of foreign market entry modes if the comparison was complete.

Give an example each of an intermediate and hierarchical market entry mode for international markets. Feel free to use the exhibit. (4 points)

- Intermediate mode: franchising agreement or licensing agreement
- Hierarchical mode: FDI, e.g., as a sales or sales and production subsidiary in a foreign market

2 points each for naming an example for each type.

Give a summary how the company chooses foreign market entry modes for its brand "Zara". (8 points)

- Main entry modes are fully-owned subsidiaries. Notably in neighbouring European countries where an investment is considered as less risky because of low psychic distance and the company sees a higher market growth potential (greater returns on the investments). Hence strong commitment in terms of investments in close foreign markets to assure long-term presence in these markets.
- Parallel intermediate modes: franchising agreements in countries with greater socio-cultural distance. Aim: ensure global brand identity through uniform stores. Additionally joint ventures when it was necessary to use local contacts and market knowledge, but also where ownership was difficult (e.g., due to high competition).

8 points with giving the two pillars of their strategy.

SUMMARY – TOTAL POINTS

Task 1: Basic definitions and concepts in International Marketing	20
Task 2: internationalization theories and concepts	20
Task 3: The global marketing programme: product decisions/branding	20
Task 4: The global marketing programme: communication and pricing decisions	25
Task 5: Entry modes to foreign markets	15
TOTAL POINTS	100

Information on grading and pass/fail decisions

A	Ranging from 95 to 100 points	Passed
B	Ranging from 85 to 94,5 points	Passed
C	Ranging from 75 to 84,5 points	Passed
D	Ranging from 65 to 74,5 points	Passed
E	Ranging from 50-64,5 points	Passed
F	< 50 points	Failed