

Sensorveiledning emnet **International Marketing**.

Sensorveiledningen skal sikre en faglig forsvarlig og upartisk vurdering. Det bør derfor blant annet sikre at sensor har innsikt i hva som har vært fokus i undervisningen, og at sensor er kjent med hvilke deler av emnets innhold og undervisning som er særlig relevant for vurderingen. Ved klage på karakter har sensorveiledningen en særlig viktig funksjon: den skal bidra til at klagesensor så langt mulig har samme informasjonsgrunnlag som første sensor.

Emnekode: SFB11514

Tittel: International
Marketing

Semester: 4. eller 6.

Læringsutbytte for emnet:

Emneplan med beskrivelse av læringsutbytte følger vedlagt (se vedlegg 2).

Pensum/litteraturliste:

Forelesningsplan med obligatorisk pensum følger vedlagt (se vedlegg 3).

Undervisning:

Framdriftsplan i emnet følger vedlagt (se vedlegger 2&3).

The course combines traditional lectures with case-based group works. Students will have to pass two group-based assignments prior to be admitted to the examination. The structure of having traditional lectures along group work, based on company cases and examples from a (Northern) European context, will be reflected in the examination.

Forventning til besvarelsene:

ECTS-karakterskala følger vedlagt (se vedlegg 4).

The grades will be discussed between corrector 1 (teacher) and corrector 2 (sensor) based on the grading scala attached. A grading scale that I will used can be found in the solutions on p. 7 (final page).

Vedlegg til sensorveiledning (legges ved av administrativt ansvarlig):

1. Kommentert oppgavesett med løsningsforslag.
2. Emnebeskrivelse med pensum/litteraturliste.
4. Forelesningsplan og/eller timeplan for undervisningen.
5. Forklaring av karakterskala, nasjonalt fagråds generelle beskrivelser/krav.



UNIVERSITETS- OG HØGSKOLERÅDET

The Norwegian Association of Higher Education Institutions

Karaktersystemet – generelle, kvalitative beskrivelser

Det daværende Utdannings- og forskningsdepartementet (UFD) sendte 10. mai 2004 brev til alle statlige og private høyere utdanningsinstitusjoner om hvilke prinsipper som skal legges til grunn for bruken av det nasjonale karaktersystemet på alle studienivå. UFD bad Universitets- og høgskolerådet justere de generelle, kvalitative beskrivelsene for de enkelte karaktertrinn i bokstavkarakterskalaen med utgangspunkt i disse prinsippene. Departementet har bekreftet at beskrivelsene nå er i samsvar med grunnprinsippene for bruk av karakterskalaen.

| symbol | betegnelse | generell, ikke fagspesifikk beskrivelse av vurderingskriterier |
|--------|---------------|---|
| A | fremragende | Fremragende prestasjon som klart utmerker seg. Kandidaten viser svært god vurderingsevne og stor grad av selvstendighet. |
| B | meget god | Meget god prestasjon. Kandidaten viser meget god vurderingsevne og selvstendighet. |
| C | god | Jevnt god prestasjon som er tilfredsstillende på de fleste områder. Kandidaten viser god vurderingsevne og selvstendighet på de viktigste områdene. |
| D | nokså god | En akseptabel prestasjon med noen vesentlige mangler. Kandidaten viser en viss grad av vurderingsevne og selvstendighet. |
| E | tilstrekkelig | Prestasjonen tilfredsstiller minimumskravene, men heller ikke mer. Kandidaten viser liten vurderingsevne og selvstendighet. |
| F | ikke bestått | Prestasjon som ikke tilfredsstiller de faglige minimumskravene. Kandidaten viser både manglende vurderingsevne og selvstendighet. |

| symbol | nemning | generell, ikke fagspesifikk omtale av vurderingskriterium |
|--------|---------------|--|
| A | framifrå | Framifrå prestasjon som skil seg klart ut. Kandidaten syner sær god vurderingsevne og stor grad av sjølvstende. |
| B | mykjegod | Mykjegod prestasjon. Kandidaten syner mykje god vurderingsevne og sjølvstende. |
| C | god | Jamt god prestasjon som er tilfredsstillande på dei fleste områda. Kandidaten syner god vurderingsevne og sjølvstende på dei viktigasteområda. |
| D | nokså god | Akseptabel prestasjon med nokre vesentlege manglar. Kandidaten syner ein viss grad av vurderingsevne og sjølvstende. |
| E | tilstrekkeleg | Prestasjonen tilfredsstiller minimumskrava, men heller ikkje meir. Kandidaten syner lita vurderingsevne og lite sjølvstende. |
| F | ikkje greidd | Prestasjon som ikkje tilfredsstiller dei faglege minimumskrava. Kandidaten syner både manglende vurderingsevne og sjølvstende. |

| symbol | description | General, qualitative description of valuation criteria |
|--------|--------------|---|
| A | Excellent | An excellent performance, clearly outstanding. The candidate demonstrates excellent judgement and a very high degree of independent thinking. |
| B | Very good | A very good performance. The candidate demonstrates sound judgement and a high degree of independent thinking. |
| C | Good | A good performance in most areas. The candidate demonstrates a reasonable degree of judgement and independent thinking in the most important areas. |
| D | Satisfactory | A satisfactory performance, but with significant shortcomings. The candidate demonstrates a limited degree of judgement and independent thinking. |
| E | Sufficient | A performance that meets the minimum criteria, but no more. The candidate demonstrates a very limited degree of judgement and independent thinking. |
| F | Fail | A performance that does not meet the minimum academic criteria. The candidate demonstrates an absence of both judgement and independent thinking. |

Information on grading and pass/fail decisions, p. 6.

Task 1: Theories and concepts on internationalization (30 points)

We have intensively addressed this topic and this specific model in the class of 2019. Moreover, the task was part of one assignment this year. The students have received a written solution for the task.

Subtask 1:

Argument why the case will fit the Uppsala approach

- Internationalization of the Chinese company in neighbouring or geographically close markets (e.g., Vietnam)
- Expansion within Vietnam planned (increasing commitment)

Argument why the case won't fit the Uppsala approach

- Mellow Coffee also represented in other countries (not said in the text where, but it is said „more than 80 stores worldwide“), perhaps with a higher level of psychic distance
- Market entry mode is likely to be either intermediate mode (franchising) or hierarchical mode (owned subsidiary), speaking against the sequential increase of market commitment and resources to foreign markets

One logic, consistent argument should be described here (1-2 sentences max.), with 2 points each for argument pro and against Uppsala approach.

Total of 2+2 = 4 points

Subtask 2:

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> |
|--|
| <ul style="list-style-type: none"> - 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. |

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

Here I wanted to read the three main factors (plus eventually time) highlighted in the model. At least two factors should be given, ideally three in order to get the full points.

Uppsala model

- ✓ Learning and experience
- ✓ Market knowledge
- ✓ Psychic distance
- ✓ Time and experience

Criticism of the theory - 5 points.

Here I wanted to get two to three critical arguments that speak against the model in order to get the full points .

Uppsala model

- ✓ 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

A total of 5+5+5=15 points possible.

Subtask 3:

Which regional markets are likely to be entered as next step?

- Markets in other Asian countries or Australia (higher geographical distance)
- Overseas markets (Europe, U.S.)

The answer should somehow highlight the process of geographical market expansion according to the Uppsala approach. 3 points for a good summary, ideally with both the indication of the higher geographical or psychic distance and examples of markets.

Which market entry modes or market commitment as next step?

- If the company uses now intermediate modes (e.g., franchising agreements), then it is likely that Mellow Coffee will go over to investment/hierarchical modes over time (e.g., wholly-owned subsidiaries).
- If the company uses now already hierarchical/investment modes, then it is likely that the company stays with hierarchical/investment modes but maybe increases its market commitment by investing a higher share of equity in newly opened stores (e.g., going over from a minority- to majority-owned shops)

Here again, the answer should be associated with the switch from low-risk export modes to first intermediate and later on hierarchical/investment modes of foreign market entry according to the Uppsala approach. 3 points for a good summary.

A total of 3+3=6 points

Subtask 4:

Other internationalization concepts or theories addressed in the course of 2019 :

- Born-global approach to internationalization
- Network approach to internationalization
- (Transaction cost economics in internationalization contexts)
- (Dunning's Eclectic Paradigm, OLI approach)

In the class of 2019, we have only addressed the first two approaches and the Uppsala model, but others may be named as well.

Each mention 2,5 points, a total of 2,5+2,5=5 points

Task 2: 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 5: Entry modes to foreign markets (30 points)

This task was addressed in the class, and the students have also received a written solution for the task.

Subtask 1:

General characteristics of „export modes“, „intermediate modes“ and „hierarchical modes“?

- Export modes: (short-term) contractual foreign market entry modes with low risk and high flexibility (benefits) but low degree of control over foreign operations (disadvantage)
- Intermediate modes: (medium- and long-term) 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).

3 points for each description of group. A total of 3x3=9 points

Give an example each of an intermediate and hierarchical market entry mode for international markets. Describe briefly two characteristics of the entry mode example. Feel free to use the exhibit.

Examples:

- 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. 2x 2= 4 points for the names.

Characteristics:

Intermediate mode

Franchising agreement: Contractual agreement between a franchisor, typically owner of a business concept and/or high-value brand, in the home market and franchisee (foreign-market company) to agree on granting access to full business format (marketing and service) of the franchisor in return for payment (management fees). Cost-saving way for franchisors to rollout established business concepts to new foreign markets, and attractive way of starting a new venture as either capital-rich or inexperienced business owner in the foreign market. **4 points**

ALTERNATIVELY

Licensing agreement: Contractual agreement between a licensor (home country) and foreign-market licensees, based upon payment of royalties (licensing fees) in return for sharing access to patented or

non-patented technology, knowhow and other resources of the licensor. Technology- or brand-oriented way of entering foreign market without setting up own production facilities abroad. Revenue source from foreign operations with intermediate risk (knowledge share) and cost level (costs of checking licensees ex-ante and setting up agreement plus control ex-post) **4 points**

Hierarchical mode

Foreign Direct Investment: Investment made by a home company in the foreign market (e.g., in setting up a new company or buying / merging with an established company), equity invested corresponds to 10% of equities of foreign company. Goal is to influence managerial decisions in the foreign market. Example : wholly-owned (100% equity) subsidiary for either sales and sales+production abroad. **4 points**

**It was important to describe briefly (1-2 sentences) two characteristics of each example in this task.
2x4 points= 8 points**

Total of 4 + 8 = 12 points

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

- 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).

9 points (max. 4,5 per argument) with giving the two pillars of Inditex' strategy for the brand.

Task 4: Political-economic environment for global marketing (20 points)

This topic has been addressed in the class of 2019. It was moreover part of the second assignment in 2019. Students have been provided with a written solution for the task.

Subtask 1:

What is commonly understood by 'bottom-of-pyramid' markets? Give a correct and complete definition.

- **Markets typically located in developing or emerging countries** (e.g., BRIC countries, Africa)
- **Lowest income-levels** on the global scale (income per-capita often < 2 USD per day)
- **Individual consumers with low purchasing power**
- **But high volume** of existing consumers due to large population sizes
- These markets are often **neglected** by global marketers, yet provide **market opportunities**

The definition should contain at least one argument more than the income level, e.g., large market opportunities due to population size. For complete and correct definitions up to 5 points (otherwise less points with missing characteristic such as market opportunities). 5 points.

Give two arguments why such markets represent attractive market opportunities for companies.

- Companies can be first-movers of market entry there because many companies focus only on higher-income level markets and neglect BOP markets
- Companies can innovate their products or services when entering those markets, e.g., more efficient products and lower cost productions

Two well-grounded, logical and consistent arguments, each with 3 points (max.).

2x3 points = 6 points

Which conditions do companies... need to fulfil in order to be successful and benefit from BOP markets?

- These markets also require a **different marketing strategy and different business model (large volumes rather than big margins)** with largely scalable products and easily localised provision.
- **Products and other elements of the global marketing mix need to be adapted**, f.ex., **distribution channels** (often due to lack of infrastructure and access to customers). Example : the products and services offered there need to have a different packaging (small units) or pricing approach (lower price), a higher quality level and different product qualities than those for other, higher-income markets.
- Focus on **local solutions, partnerships and networks** (collaboration with local companies, e.g., distribution in remote and inaccessible regions ; enabling local entrepreneurship, building a coalition with local governments and NGOs)

Here, two in-depth arguments should be described (2x4,5 points) or alternatively three complete but shorter arguments (3x3 points).

A total of 9 points.

SUMMARY – TOTAL POINTS

| | |
|---|-----|
| Task 1: Theories and concepts on internationalization | 30 |
| Task 2: Basic definitions and concepts in International Marketing | 20 |
| Task 3: Entry modes to foreign markets | 30 |
| Task 4: The political-economic environment for global marketing | 20 |
| 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 |