



## EXAMINER'S REPORT

AUGUST 2003

### INTERNATIONAL MARKETING MANAGEMENT & STRATEGY

#### General Comments

Overall results of the August sittings were somewhat disappointing because of the number of papers which failed to achieve a pass mark.

There were mainly two reasons for failures:

- (1) Candidates did not read questions properly.
- (2) Candidates had not properly studied the essential text and the two Institute readings.

#### Failure to Read Questions

Failure to read the questions properly was by far the largest factor in the failure rate. Again and again, the Examiner found himself reading very good material which had little or no relevance to the question asked on the paper.

Candidates are – once again – urged to read the question on the examination paper properly as they set out to answer a question and read the question again at intervals as they actually compose their answers to questions. This should help to ensure that candidates provide material which is relevant to the question asked.

#### Failure to Read Recommended Text and the Two Institute Readings

Questions 1 and 3 related to material in the Institute's readings on e-Commerce and Global Marketing.

These readings are very important as they address some of the issues which are not well tackled in the recommended text but which are considered extremely important to modern International Marketing at a practical and academic level.

The readings were also issued to avoid asking students to purchase and read supplementary texts. Every examination paper in recent times has included at least one question on each of the readings and students must read them with care if they expect to do well in examinations.

#### Question 1

The answer material for this question is contained on page 15 of the Institute's reading 'The Development of e-Business and its Effects on International Marketing'. In order to obtain good marks, candidates were required to make no more than a handful of simple points. Many papers did so quite adequately. However, a surprising number of candidates seemed to misread the question and went into great detail about how the international marketer would use the Internet

to promote the enterprise's products and services. This was not the question asked and papers that strayed too far from the core issues of the question earned few marks.

## **Question 2**

The Examiner was looking for mention of issues such as:

Exporting affords the Irish company many opportunities and challenges which, when taken advantage of, improves management expertise and strategy formulation: the result inevitably impacts on productivity and efficiency within the company. Overseas markets usually afford the exporter lower margins per unit than domestic markets, thus forcing the export company into a review of manufacturing procedures and cost bases. Overseas orders are commonly for higher consignment volumes than the volumes that would apply in the small domestic Irish market. This often calls for the installation of higher volume production equipment, which in turn leads to lower cost per unit of the items manufactured. Because export orders are often for quite high volumes, this often leads to procurement efficiencies and lower acquisition costs of raw materials and supplies. Exposure to overseas markets enables the exporter to identify opportunities for the subcontracting out at lower costs of parts of the manufacturing or distribution process.

The long production runs reduce downtime and set up costs of manufacturing. Exposure to overseas competition forces the Irish exporter to seek cost reduction and cost efficiencies simply in order to compete on a price level in the overseas market. Exposure to overseas product features and design enables the Irish exporter to identify opportunities for product extensions and new product developments which adds to existing product and service portfolios.

Papers, which addressed any of the above or similar issues, had no problem earning at the very least a pass mark: one candidate actually earned over 90% of the available marks which is an unusually high percentage for any individual question. 35% of papers – the Examiner did a careful audit of the papers in which this issue had been tackled - did not address any of these issues in any way whatever. Instead, candidates simply defined exporting and went on to write about the different types of exporting and international marketing. Often what these candidates had to say was quite accurate and their answers would have earned good marks if they were applicable to the question which had been asked. However, since the scripts simply did not answer the question which was asked it was not possible to award other than a cursory mark.

## **Question 3**

The Institute's reading on Global Marketing was issued to students because the effective management of large scale international operations has become a topic of some increasing interest to practitioners and academics in the field of international marketing. Control of the marketing effort is, in turn, a major issue within the whole field of international marketing management which is why it receives considerable attention in pages 22 to 25 of the reading.

Students who had read the materials or Chapter 14 of the recommended text and were able to show some understanding of the issues involved in control achieved good marks for their answers. Candidates who made reference to control of the annual plan, control of profitability, control of efficiency or control of strategy (page 22 of the reading) earned extra marks. Many students had not read the materials and, therefore, found it difficult to achieve a pass mark in the question.

Students should be aware of the importance of management and organization theory as it applies to international marketing and expect an occasional question to relate to these topics. Senior marketing managers do not spend all their time dealing with customers, competitors and activities in the marketplace. Increasingly they must show themselves as being competent to manage marketing within their own organizations – especially as organizations continue to grow in size and complexity. This is why the Institute’s reading on global marketing management was issued to students.

#### **Question 4**

The choice between licensing and joint venture as entry or operating strategies for the international marketer have been summed up in terms of the 3Rs – risk, resources and return (profit). Each of the two approaches involves the firm in different levels of risk, is dictated by different levels of available resource and results in different levels of short, medium and long-term return. In fact, most papers addressed the issues quite competently and candidates who answered this question generally did quite well in terms of marks.

#### **Question 5**

This question seems to have foxed all except a very small minority of candidates. The whole business of quotations is very well covered in pages 379 to 385 of the essential text but very few papers took the question of Incoterms, terms of trade or shipping/customs clearance issues into consideration. Eventually, the Examiner was forced to give up on the original intent of the question and simply award marks for answers which showed an adequate knowledge of price setting in practice. In the final analysis, almost everyone who attempted the question received at least a pass mark.

#### **Question 6**

The answers to this question indicated that the depth of reading of the recommended text was well below what it should be. The page numbers on which information on each of the topics can be found are shown in brackets below.

1. Oligopolistic competition (445-446)
2. Consular Invoice (598)
3. Offsets (504-505)
4. Prototype standardization (542, 548-550)
5. Voluntary Export Restraints (VERS) (111)
6. Guanxi (104, 211)

#### **Question 7**

Most candidates answered this question quite well. It was obvious that there is a good understanding of the various sales promotion tools and the difficulties of using various promotools in different environments around the world. The effects of cultural difference, regulatory difference, technological difference etc. were mentioned in many cases. Overall, the question was answered quite well in most papers.

#### **Question 8**

Few candidates attempted this question. Those who did had evidently studied the text and scored quite good marks in all cases.