



EXAMINER'S REPORT

MAY 2005

INTERNATIONAL MARKETING MANAGEMENT & STRATEGY

Overall Comment

The standards of answering were generally good. The essential text and the two Institute readings were liberally quoted. This showed that students had studied the materials and the examiner was pleased to award an odd extra mark or two on this basis to students who might otherwise have been in trouble trying to achieve a pass. As usual, there were a lot of good papers which contained excellent material which was not relevant to the question. Again students are urged to read questions carefully. One area which seems to be suffering recently is hand writing. In fairness, the vast majority of papers are not that difficult to read. However, there is an increasing number of papers which are all but illegible. Students are urged to write clearly, number questions properly, set out paragraphs in an appropriate fashion and generally make life easier for the examiner who is continuously striving to award maximum marks for content and should not be expected to have to decipher someone's personally coded hieroglyphics in the process.

Question 1

This proved to be a very popular question and – not surprisingly in view of the fact that environmental factors are really what distinguish international marketing from domestic marketing - was generally very well answered. Students might like to note that changes in the technological environment continue to cause sudden and discontinuous changes in demand in many markets making current products, services and businesses obsolete almost overnight. Also, technological change is no respecter of borders or culture. In addition, the global economy is becoming more stable and appreciable growth patterns seem to be establishing themselves throughout all but the most primitive nations of Africa. It is worth advising students that this was a two-part question and that many candidates lost valuable marks by answering only the first part of the question asked and neglecting to pay attention to the second part. Students might also like to note the usefulness of the PESTEL analysis paradigm in answering this type of question. PESTEL (Political, Economic, Social, Technological, Environmental, and Legal)

Question 2

This question achieved its purpose in helping marginal papers to achieve pass status. The page references below show where each of the question components originated in the essential text.

- a. p.387
- b. p.132
- c. p.515
- d. pp.577, 578
- e. pp.110 – 112

Three points to note.

1. Thinking local, acting local refers to management and delegation of decision and responsibility and not to promotions/advertising as most students seemed to think.
2. Supply chain management is a vital part of physical distribution system which takes product to customers but refers also to the procurement process. As one answer paper put it so well – ‘Supply chain management is co-ordinating the supply of raw material (upstream) and the flow of finished product (downstream). Most candidates seemed to think SCM applied only to the downstream process.
3. The interest in the social responsibilities of business is growing throughout the world. The stakeholder concept is an important one and the idea of primary and secondary stakeholder interests is attracting increasing attention.

Candidates need to be precise when replying to these short answer questions.

Question 3

The answers to this question were quite disappointing given that candidates were given a lot of latitude to interpret price-setting in any way that suited them. The examiner was hoping that candidates would see price-setting in both domestic and overseas markets as being based on cost, competition and demand but that they would expand each of the elements to show that price-setting in overseas markets added new and complex issues to each of these elements. For example, all the banking, transportation, insurance and tax factors that lead to cost escalation would obviously affect the cost component of price setting for overseas markets. Competition affects price-setting in many complex ways in different overseas markets especially in terms of the intensity of competition in developed markets. Demand in many markets is largely a factor of brand perception, and global brands invariably allow a price premium over local brands in many less developed markets. Price-setting in practice and in principle is a mechanistic (cost) procedure to which psychological and behavioural (demand and competition) influences add complexity. Most papers concentrated on the psychological and behavioural influences to the detriment of the mechanistic influences. In addition, issues such as the possibilities of applying transfer pricing procedures with their attendant ‘bottom line’ advantages and the restrictions imposed by dumping legislation must often be taken into account.

Question 4

With few exceptions, this question was well answered. The question was a fairly standard one and the relevant information is available in Chapter 9 of the essential text and in particular on pages 395 to 398. Students should note that this question is an important one for Ireland’s marketers because of the high level of new product development aimed at smaller niche markets overseas which is carried out in Ireland.

Question 5

This question was badly answered by almost all candidates despite the fact that there is quite a lot of material in the essential text – p203, pp 209-211, and pp 306 –307. The problem seems to have been that candidates relied on general knowledge of the net and forgot that what they knew should have been put into the context and framework of market research. Even if papers had discussed the differences between using the Internet for primary and secondary data or mentioned its use as sources of environmental data, statistical data, general published information on overseas countries, a source of customer profile information, a source of information on website performance or as a vehicle for conducting indirect e-mail or self-fulfilment surveys, the examiner would have been happy to give extra marks. However, the problem was simply that candidates saw the question as being simply about the Internet to the

complete exclusion of the market research dimension. In international marketing, information is not only essential for success, it is often the driver of internationalisation, innovation and company development. The use of the Internet and e-mail for information assembly and analysis is extremely important in Ireland because so many of our overseas marketers are SMEs in a poor position to spend money on market research and data collection. However, it is vital that research is carried out in the context of proper market research structures and techniques – the ICT technologies must not be allowed to dominate the research methodologies. This is why the examiner was quite disappointed with the answers to this question.

Question 6

The materials required in order to put together a good answer to this question are well covered in Chapter 12 of the essential text. Paragraph 12.4 is particularly relevant. Most papers contained very adequate answers and many of the examples quoted in the text were referred to in support of the move towards localization of promotions. Question 8 on the examination paper could well have been referred to in the context of the arguments for and against standardization and globalization. Standardization of promotions may be efficient. The question is whether or not it is effective. The biggest problem candidates seemed to have with this question was that – very often – answers concentrated on explaining the differences between standardization and adaptation. This had little or nothing to do with the point of the question which asked about the factors that drove marketers towards strategies which placed more emphasis on localization. Quite a number of candidates wrote reams of good material about PRODUCT standardization even though the question clearly asked about advertising and branding. Students should read questions carefully as the examiner cannot award marks for even the best of material if it is not relevant to the question asked.

Question 7

The replies to this question were – by and large – very disappointing. Most papers mentioned the obvious services provided by freight forwarders but failed to list some of the less obvious but vital functions provided further back the logistics and supply end of the chain. The essential text – page 587 – distinguishes between the two types of forwarder. One is concerned with the forwarding of a shipment from the point of origin to the ultimate destination: the other is concerned with booking of space on the various types of carrier. Many papers failed to mention any of these activities except in a very superficial manner. However, the essential text on page 588 emphasises the changing role of the forwarders in that they provide production planning, inventory management, parts assembly, distribution warehousing, real-time tracking, wheels-up clearance and electronic reporting. Students should note that physical distribution – the so-called dark continent of international marketing – is assuming increased importance in both the practical and theoretical world of international marketing. The topic can be expected to crop up again in future papers.

Question 8

This question was generally well answered even though it was not the easiest on the paper. Section 3.18 of the Reading on Global Marketing management was quoted from liberally but many candidates earned extra marks by putting their own ‘spin’ on applying the two concepts to the everyday world of international marketing.