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MMPM-4

International Marketing

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**Sample Preview
of the
Solved
Sample Question
Papers**

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QUESTION PAPER

June – 2024

(Solved)

INTERNATIONAL MARKETING

MPPM-4

Time: 3 Hours]

[Maximum Marks : 100

Note: (i) Attempt any three questions from Section A. Section B is compulsory. (ii) All questions carry equal marks.

Section–A

Q. 1. (a) Differentiate between Domestic marketing and International marketing considering various marketing variables. Support your answer with suitable examples.

Ans. Ref.: See Chapter-1, Page No. 2, 'Difference Between Domestic Marketing and International Marketing' and Page No. 9, Q. No. 3.

(b) What are some of the key challenges faced by an organisation while persuading international marketing.

Ans. Ref.: See Chapter-1, Page No. 5, 'Challenges of International Marketing'.

Q. 2. (a) Explain the influence of culture on business negotiations in international context.

Ans. Ref.: See Chapter-4, Page No. 44, 'Cultural Influence on Business Negotiations'.

(b) How is WTO different from its predecessor GATT? Has WTO lived upto its potential to promote international trade? Explain.

Ans. Ref.: See Chapter-5, Page No. 59, Q. No. 4.

Q. 3. (a) What are the areas in which companies are adopting technology in international market space to enhance customer experience and delight? Discuss with the help of examples.

Ans. Ref.: See Chapter-7, Page No. 83, Q. No. 8.

(b) Discuss various tools of integrated marketing communication (IMC) in the context of international marketing. Support your answer with suitable examples.

Ans. Ref.: See Chapter-9, Page No. 98, Q. No. 1.

Q. 4. Write short notes on any three of the following:

(a) Modes of entry in international markets.

Ans. Ref.: See Chapter-2, Page No. 17, 'Modes of Entry in International Market'.

(b) Balance of payment.

Ans. Ref.: See Chapter-2, Page No. 16, 'Balance of Payment'.

(c) International advertising strategy.

Ans. Ref.: See Chapter-9, Page No. 96, 'International Advertising Strategy'.

(d) Theory of Relative advantage in International marketing.

Ans. Ref.: See Chapter-2, Page No. 20, 'Theory of Relative Advantage'.

(e) Role of Technology in International marketing.

Ans. Ref.: See Chapter-7, Page No. 79, Q. No. 2.

Section–B

Q. 5. A leading manufacture of energy drink proposes to launch its brand in South-Asian region. You have been retained as its marketing consultant.

(a) Briefly describe different communication tools you will recommend to promote the product. Will these be 'traditional' or 'non-traditional'.

Ans. To promote the energy drink brand in the South-Asian market, I would recommend using a balanced mix of both traditional and non-traditional communication tools, keeping in mind the region's diversity, media consumption habits, and digital penetration. Traditional tools such as television commercials, radio spots, and billboards in urban centers are still influential in South Asia and can provide broad visibility and credibility. Simultaneously, non-traditional tools like influencer marketing, social media campaigns (especially on Instagram, YouTube, and TikTok), campus activations, and brand collaborations with fitness events or music festivals will build relevance among younger audiences. Digital advertising through programmatic ads, mobile promotions, and gamified content will also drive engagement. A multi-channel integrated marketing approach will ensure the brand resonates across age groups, geographies, and lifestyles.

(b) What will be the promised energy drink's competitive advantage? Discuss its brand promise and positioning.

Ans. The competitive advantage of the energy drink will rest on a combination of its unique formulation, taste, health-conscious ingredients, and local cultural relevance. Unlike other brands that rely heavily on synthetic ingredients or high sugar content, this drink could promise a more natural energy boost with ingredients like green tea extract, B-vitamins, or electrolytes --appealing to the growing health-aware population. The brand promise could be framed around "Fueling Ambition the Natural Way" or "Power Up Without the Crash," signifying sustained energy without the common jittery aftereffects. In terms of positioning, it will occupy the space between performance and lifestyle – targeting young professionals, students, athletes, and gamers who seek physical and mental alertness to achieve their goals. It will be positioned not merely as a beverage, but as a symbol of motivation and achievement in fast-paced, ambition-driven lifestyles.

QUESTION PAPER

December – 2023

(Solved)

INTERNATIONAL MARKETING

MMPM-4

Time: 3 Hours]

[Maximum Marks : 100

Note: (i) Attempt any three questions from Section A. Section B is compulsory. (ii) All questions carry equal marks.

Section–A

Q. 1. (a) Differentiate between domestic and international marketing with examples.

Ans. Ref.: See Chapter-1, Page No. 2, 'Difference Between Domestic Marketing and International Marketing' and Page No. 9, Q. No. 3.

(b) Discuss the reasons why countries join regional economic groupings.

Ans. Ref.: See Chapter-3, Page No. 36, Q. No. 4.

Q. 2. (a) Explain the basic modes of entry available to a marketer for entering international markets.

Ans. Ref.: See Chapter-2, Page No. 17, 'Modes of Entry in International Market'.

(b) Explain the different forms of 'regional economic groupings' giving suitable examples.

Ans. Ref.: See Chapter-3, Page No. 29, 'Major Regional and Economic Groupings'.

Q. 3. (a) What do you understand by the term 'political risk'? In your opinion, is it country-specific, firm-specific or both? Discuss.

Ans. Ref.: See Chapter-5, Page No. 51, 'Political Risk: A Definition' and 'Assessing Political Risk'.

(b) Why do you think a company should or should not market the same product in the same way around the world? Explain with the help of examples.

Ans. Ref.: See Chapter-8, Page No. 89, Q. No. 1.

Q. 4. Write short notes on any three of the following:

(a) Issues in International Pricing.

Ans. Ref.: See Chapter-10, Page No. 107, 'Issues in International Pricing'.

(b) Role of World Bank.

Ans. Ref.: See Chapter-3, Page No. 39, Q. No. 8.

(c) International Physical Distribution Management.

Ans. Ref.: See Chapter-11, Page No. 117, 'International Physical Distribution Management'.

(d) International Marketing Planning.

Ans. Ref.: See Chapter-13, Page No. 139, 'International Marketing Planning' and 'Benefits of International Marketing Planning'.

(e) Scope of International Marketing Research.

Ans. Ref.: See Chapter-12, Page No. 125, 'The Scope of International Marketing Research'.

Section–B

Q. 5. (a) "The advancement of technology has aided international business. Millions of people worldwide use the Internet to do everything from research to purchasing products online. The Internet is profoundly affecting almost all businesses. The various uses of the Internet by business entities include the ability to advertise, generate, or otherwise perform regular business functions. Therefore, many firms are embracing the Internet for many of their activities. One impact of e-commerce is to intensify competition and produce benefits for consumers through lower prices and more choices." Do you agree with this statement? Justify your answer by giving suitable examples.

Ans. Yes, I agree with the statement that the advancement of technology, particularly the Internet, has significantly aided international business. The Internet has removed geographical barriers and created opportunities for even small businesses to access global markets. Companies now use digital platforms for marketing, sales, customer support, and supply chain management. For example, Amazon operates across multiple countries, allowing customers to shop from anywhere in the world. Similarly, companies like Alibaba have connected manufacturers and buyers globally. The rise of e-commerce has intensified competition by allowing multiple sellers to offer similar products, leading to lower prices and better quality. Additionally, online reviews, price comparison websites, and digital advertising give consumers more options and influence, improving transparency and service standards. Thus, the Internet has reshaped the business landscape by promoting efficiency, lowering costs, and empowering customers with more choices.

Sample Preview of The Chapter

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INTERNATIONAL MARKETING

Nature and Scope of International Marketing

INTRODUCTION

Companies are expanding internationally to reach the global market of 7.8 billion people. Governments are liberalizing trade policies, allowing businesses to operate across borders. Major brands like Coca-Cola and Apple are present worldwide, and essential commodities support ongoing trade. As international marketing gains importance, firms adapt their strategies to meet the evolving global environment.

CHAPTER AT A GLANCE

DEFINITION OF INTERNATIONAL MARKETING

International marketing involves understanding how marketing operates globally when a company's products and operations cross national borders. The American Marketing Association (AMA) defines it as the multinational process of planning, pricing, promoting, and distributing goods and services to meet objectives.

Philp Cateora and John Graham describe it as business activities aimed at directing goods and services to consumers and users in multiple nations. Bradley adds that it focuses on identifying customer needs in various markets and cultures to gain a competitive advantage. In essence, international marketing operates in a global context, whether domestic or foreign.

Essential features of International Marketing: Key features of International Marketing include:

Process-Oriented: Involves planning and executing strategies for goods and services, including pricing, promotion, and distribution in global markets.

Diverse Customers: Buyers can be direct consumers, businesses, government entities, or non-profits.

Ongoing Process: Begins with product conceptualization and continues through design, pricing, packaging, promotion, selling, and after-sales support.

Multiple Market Entry Modes: Companies can enter international markets through exporting, franchising, licensing, joint ventures, or full operations.

Inherent Risks: International business is riskier due to varying customer preferences, cultural differences, and political and legal challenges.

MNC Dominance: Multinational Corporations leverage their experience and resources to outcompete domestic firms across various industries.

Foreign Exchange Risk: Firms face risks related to currency fluctuations during transactions and repatriation of earnings, subject to foreign exchange regulations in host countries.

NATURE OF INTERNATIONAL MARKETING

The concept of international marketing can be understood through its key characteristics:

Large Scale Operations: International marketing involves extensive operations, as products must reach diverse geographical locations. This requires significant labour and capital, and marketing efforts are conducted on a wide scale to target large populations.

Broader Market Reach: International firms operate beyond geographic boundaries, serving populations from various nations. This expanded market presents both challenges, such as navigating different cultures and legal systems, and opportunities for global growth and increased profits.

Global Competition: Companies face intense competition from both domestic firms, which understand local market conditions, and international players with established marketing strategies.

Higher Risks and Restrictions: International marketing comes with diverse risks, including cultural differences, political climates, and government regulations. Restrictions such as tariffs, local director requirements, and legal compliance can limit operations and are often enforced to protect domestic firms.

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Uncontrollable Events: Marketing strategies can be affected by unpredictable factors, such as government censorship, competition, and consumer preferences, leading to varying levels of success across different countries.

Distinction from International Trade: While international trade focuses on the exchange of goods and services across borders, international marketing has a broader scope, involving entry into global markets through methods like subsidiaries, licensing, and joint ventures.

DIFFERENCE BETWEEN DOMESTIC MARKETING AND INTERNATIONAL MARKETING

Many authors define international marketing as marketing activities conducted across national borders. However, this role is complex due to uncertainties in unpredictable business environments. Here are the key differences between international and domestic marketing:

International Marketing Tasks: Marketers face two levels of uncontrollable elements. The inner circle involves controllable elements (The 4 Ps: Product, Price, Place, and Promotion). The next circle represents elements affecting domestic markets, while the outer circle reflects the unique foreign environments, including cultural, political, legal, and economic factors.

Diverse Markets: International firms deal with diverse market characteristics, customer preferences, and distribution methods. While domestic firms may

face similar challenges, they intensify with the number of foreign markets.

Diverse Legal Structures: International companies must navigate various legal systems related to imports, exports, workforce recruitment, and more. For instance, U.S. exports are considered a privilege that can be restricted.

Diverse Monetary Systems: Each country has its own monetary system, influencing how exchange rates are set and requiring international firms to convert income into local currencies.

Mobility of Factors of Production: While international firms have extensive resources and innovation capabilities, they must conduct operations locally. Domestic firms have easier access to labour and capital mobility.

Diverse Policies and Procedures: Multinational firms must comply with different regulations across countries, including entry modes. For instance, businesses entering India may choose an automatic or approval route, with the latter requiring government approval.

Diverse Marketing Environments: International operations are influenced by dynamic environmental factors, including social, legal, economic, and technological conditions. Uncontrollable variables from varied cultures, currencies, and government policies complicate decisions.

In conclusion, differences between domestic and international marketing stem from variations in national environments and organizational structures.

Table: Differences Between Domestic and International Marketing

Decision Variable	Domestic Marketing	International Marketing
Market Segment	Single Market & Sub-markets.	Multiple Markets Multiple Submarkets.
Market Control	Easier as only a single market and sub-market is served.	More challenging as new factors like culture, religion, government policy, and so forth come into play.
Market Research	Awareness of the market in domestic market is high, therefore one can even do without market research.	Imperative.
Administration	Since the control is over single set up, administration is relatively easier.	Multiple markets, multiple mix of marketing variables demand a new set up of administrative machinery.
Product Mix	The decision is taken solely on the grounds of providing better service to increase revenue stages of PLC may be ignored.	Although the decision grounds, are identical, market adaptability and acceptability become a question.

NATURE AND SCOPE OF INTERNATIONAL MARKETING / 3

Product Quality	Product quality may be placed anywhere on the BCG Matrix of product and price.	With the production function, placed anywhere on the even if the technology is old.
Product Design	Since the product is designed for the market question of adapting does not arise.	Product has to be adapted to every market segment.
Product Development	Product developed to meet domestic market needs. When the product reaches end of its life cycle, it is withdrawn.	Products developed to meet international market needs. May move to new markets where it may be in growth or introduction stages.
Advertising	Single market-Single message, question of adaptation. Limited to sub-segment, media choice with certainty.	Multiple market-multiple message depending on the emphasis demanded by each market message may be adapted to new markets or could be universal complex media availability.
Sales Promotion	Nationality may be used to promote sales Option known with certainty therefore choice is often taken in advance.	Options may not be known; choice therefore depends upon market research.

SCOPE OF INTERNATIONAL MARKETING

The scope of international marketing describes how firms enter global markets by exchanging products across national boundaries to meet consumer needs. It can be categorized into several levels:

Domestic: Companies operate only within one country.

Regional Exporter: These companies cross-national borders to sell in economically and culturally similar markets.

Exporter: Exporters sell finished goods globally while managing marketing and sales from their home country.

International: Firms operate internationally, but key decisions are made centrally, though some decentralization occurs.

International to Global: Companies establish self-sufficient subsidiaries in various regions, decentralizing functions like R&D while maintaining headquarters as the primary base.

Global: Global firms operate in a decentralized manner, performing all functions in the most suitable locations worldwide.

Typically, domestic firms start expanding when they encounter limitations in their local markets. They first export to similar regions before advancing further. Successful exporters evolve into international firms by establishing operations in host countries, though key decisions often remain centralized. As growth challenges arise, these firms may adopt a global model, operating without a primary base and optimizing functions across various locations.

REASONS, MOTIVATIONS AND BENEFITS OF INTERNATIONAL MARKETING

There is an increasing interconnectedness in the world driven by advancements in communication and transportation, the rapid growth of domestic economies, and rising purchasing power. This interest in international marketing and foreign trade stems from changing market structures and demand characteristics globally. Companies and countries have distinct yet interconnected reasons to engage in international business.

International Business: Initially, firms benefit from large domestic markets, but growth eventually stagnates, raising concerns about sustaining rates demanded by shareholders. To survive, businesses are compelled to explore international markets for selling surplus production and achieving cost advantages. Additionally, foreign markets can offer higher profit margins, especially as governments provide incentives for international trade.

Reasons for Entering International Markets: Profit is a key motivation, but firms typically seek international markets for several reasons:

Product Life Cycle: Products nearing the end of their life cycle in one market may find new opportunities abroad.

Competition: Companies may expand internationally to avoid intense domestic competition.

Excess Capacity: Firms can utilize surplus production by taking on foreign orders.

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Geographic Diversification: Instead of broadening their product lines, firms may expand their markets internationally.

Increasing Market Size: Firms may choose international expansion to grow their operations.

Motivation: As materialism rises, individuals seek improved living standards, prompting governments to engage in foreign trade for economic benefits. International trade yields gains from local production advantages based on varying costs and availability of production factors, leading to increased productivity and higher real income.

Benefits of International Business

Survival: Nations are interdependent, as evidenced by developed countries like the U.S. relying on imports for many goods.

Sales and Profitability: International marketing enhances sales opportunities, allowing firms to leverage their resources and expertise for greater profitability.

Utilization of Excess Capacity: Firms can capitalize on excess capacity by entering foreign markets without significant additional costs.

Geographic Diversification: Established firms, like Unilever and Procter & Gamble, expand into new markets while focusing on their strengths.

Product Life Cycle Extension: Products in decline in one market can extend their life cycle through international expansion.

Following table shows the positive as well as the negative aspects of international marketing:

Aspect	Positive impact	International Marketing
Technology	Transfer of knowledge and skills to developing country.	R & D normally stays within the home country.
Jobs	Directly promotes jobs in the domestic markets.	The jobs created are not of technical nature they are often laborious in nature and promote inequalities.
Competition	Stimulate competition.	Eliminate local competition.
Management	Promotion of effective management.	Management tries to impact local governance.
Foreign Exchange	Currency of host country is earned and saved in reserve.	Taxes and transfer pricing affect the currency exchange.
Demand	Both industrial and consumer demand is increased.	Local products demand is negatively affected.
Politics		Interfere in host country politics because of financial strength.
Source: Kinsey.J.(1988) Marketing in Developing Countries, Macmillan, London		

MAIN FUNCTIONS IN INTERNATIONAL MARKETING

The main functions of international marketing include:

1. Choosing an approach such as exporting, licensing, franchising, or overseas production.
2. Identifying target markets and suitable products for international success.
3. Selecting appropriate distribution channels to reach customers.
4. Developing pricing strategies based on the market and product.
5. Finalizing communication strategies that respect local cultural norms.

6. Navigating procedural complexities through organizational adaptations.
7. Adapting to the local environment and managing business ethics during international expansion.

DRIVING FORCES OF INTERNATIONAL MARKETING

There are several key forces driving domestic firms to engage in international markets:

Liberalization: Relaxed local regulations have facilitated international trade, promoting business and foreign investment. The GATT and WTO have been instrumental in opening borders, with the LPG