



034

UNIVERSITY OF RUHUNA

FACULTY OF MANAGEMENT AND FINANCE

Bachelor of Business Administration Degree Programme 3000 Level

Second Semester End Examination (March 2022)

Academic Year 2021/2022

MKT 32523– International Marketing

Duration: Three hours

The question paper contains five (05) questions.

Answer all questions.

1. The invasion of Ukraine is causing huge political risk to the companies from Russia because of reversing of investment by Western and other foreign governments and businesses. For some foreign companies invested in Russia, the decision to exit Russia is the conclusion. For example Russia's largest foreign investor, BP Plc announced that it would exit its 20% stake in state controlled Rosneft, a move that could result in a \$25 billion write-off and cut its global oil and gas production by a third. Equinor ASA, which is Norway's biggest energy company and majority owned by the state, also announced it will start withdrawing from its joint ventures in Russia. Czech brewer Budvar, which counts Russia as one of its five major markets, halted beer deliveries to the country, saying business is not the top priority. Pressure on others with sales and joint ventures in Russia is mounting.

Investors were drawn to Russia in search of lucrative profits they thought were worth the geopolitical risks. That calculation has changed after Russia invaded Ukraine.

At the same time, The European Commission has prepared a package of sanctions against Russia and Belarus over the invasion of Ukraine. The draft package will ban



the Russian banks from SWIFT banking system, exports from the EU of naval equipment and software to Russia. Sanctions are creating holes in the Russian economy.

- a. Suppose you are a manager of an international business that has investments in Russia. Discuss the factors that international managers should consider in determining the political risks associated with Russia. (7 Marks)
- b. Suppose you are a manager of a Russian business that has investments in EU countries. Discuss the social pressures and political risks that should be counted with the current situation. (7 Marks)

(Total Market 14 Marks)

2. MAYChee is a well known mayonnaise cheese brand in the European market (operating for more than 75 years). They have planned to enter a small country which is situated in the African subcontinent. After marketing research, company found, very few people know about mayonnaise and the company wants to get the first mover advantage in this market. In the board meeting, the finance manager explains the financial situation of the company and stated that the most suitable thing is to standardize the advertising to get the advantage of Cross-Fertilization. However, the marketing manager opposes this suggestion.

- a. Support marketing manager to justify his argument by highlighting obstacles to advertising standardization. (7 Marks)
- b. Assume MAYChee is expecting to choose an advertising agency to promote this brand in an African country. Explain available options for the company to make the decision.

(7 Marks)

(Total 14 Marks)

3. "Beauty" is a cosmetic company that is operating only in the U.S market and currently the management of "Beauty" is planning to enter the global market.

a. Top management is expecting your advice on suitable market entry strategies.

(7 Marks)

b. Assume the company is in a dilemma of selecting of export strategy. Some argue that "*indirect exporting is better than direct exporting*". Comment on this statement.

(7 Marks)

(Total 14 Marks)

4. FreeMovie is the No 1 movie watching app in India where the entire business model is developed on the online platform. They are expecting to introduce this app to Sri Lanka and strongly believe that the app would be successful in Sri Lanka due to the cultural similarities between the two countries.

a. What are the benefits offered by the Internet for digitally born global businesses?

(7 Marks)

b. Briefly explain the cultural similarities between India and Sri Lanka based on Hofstede's cultural dimensions. (You need to explain at least three dimensions).

(7 Marks)

(Total 14 Marks)

5. a. Discuss the applications of transaction cost theory for international joint ventures.

(7 Marks)

b. List main elements of culture and discuss how they affect international marketing mix strategies.

(7 Marks)

(14 Marks)