

UGANDA MARTYRS UNIVERSITY, NKOZI CAMPUS

FACULTY OF BUSINESS ADMINISTRATION AND MANAGEMENT

BAM III

INTERNATIONAL MANAGEMENT SPECIAL/SUPPLEMENTARY EXAM

DATE: 11th/08/2015

Time allowed: 3 hours:

Instructions to Candidates:

Read the following before answering the examination questions.

- i) Do not write anything on this question paper.
- ii) Using of relevant examples will earn you a credit
- iii) No books, electronic dictionaries, notes or any other written materials are allowed in this examination
- iv) Attempt any three (3) questions in section B
- v) All questions in section A are compulsory and relate to the case study
- vi) The paper is in two sections: A and B

SECTION A

ARCOR: A LATIN AMERICAN CONFECTIONARY PLAYER IS GLOBALIZING ITS BUSINESS

Arcor was founded in 1951 to produce sweets. However, in order to tell the company's history fully we must go back to 1924, the year that Amos Pagani, a young Italian immigrant, decided to start up a bakery in the province of Cordoba.

In the 1970s and 1980s Arcor transformed itself into a vast industrial complex, showing the way for other companies in the country. The company continued to grow both in Argentina and different countries in the region. In 1976 Arcor started operations in Paraguay, in 1981 in Brazil and in 1989 in Chile.

In 1999 in Brazil Arcor opened the most advanced chocolate plant in the region, whose facilities also include the largest product distribution centre in that country. This was a start-up that put the company at the cutting edge of technology and production on the continent. It also permitted Arcor to consolidate its position in the very attractive Latin American market.

In order to continue with its expansion process Arcor established itself in Barcelona in 2002. Arcor's goal has always been to expand beyond the borders of its own country, and the opening of this new office allows the company to create closer bonds with customers from the European Economic Community, the Middle East and Africa.

Today the Arcor Group has 35 plants in the region (27 in Argentina, four in Brazil, three in Chile, and one in Peru).

Arcor prepares more than 1,500 products in the four areas that make up its business focus: foods, confectionery, chocolates, and cookies and crackers. In all these segments the company has developed a very high degree of "know-how" that has allowed it to become a true specialist in everything it produces.

At present Arcor is well established in Latin America, but outside this area it is relatively weak. Of the total sales in 2005 of \$1,500 million less than 5 percent derived from outside Latin America.

In the coming years, Arcor faces three big challenges within its "international expansion" framework: becoming the NO.1 Latin American confectionary and chocolate company, continuing to grow and establish itself in high development potential markets outside Latin American, such as the emerging Asian markets, and strengthening product penetration in the most demanding markets in the world: the United States, Japan and the European Union.

The group is an active participation in various strategic alliances (production and/or marketing agreement) with international players, such as Nestle and Brach's. The most recent example is the partnership with Danone Group (France) in the biscuits and cereal bar business in Argentina, Brazil and Chile. In April 2004 the two companies merged their biscuit manufacturing activities into a single company, Bagley Latino America SA, which resulted in the biggest biscuit company in South America. The joint venture company is owned 49% by

Danone SA (France) and 51% by Arcor. This partnership includes highly recognized brands in local markets like Formis, Mana, Saladix, Hogarenas, Sonrisas, Merengadas, Criollitas, Rumba, Opera, Aymore, Triunfo, Ss and more.

In 2000 the Arcor Group launched the first food industry website in Latin America devoted to business- to-business (B2B) markets, a new trade channel for its products, to leverage those currently in use.

Required:

1. You have been contracted to provide expert marketing advice on how best to handle competition and help the organization to achieve market growth.

a) Develop a 3- year international action plan for the period 2016-2018 that Arcor LTD can use to enable them achieve and maintain market leadership in the word.

(30 marks).

b) identify and explain the marketing challenges to Arcor's in attempt to enter market outside Latin America.**(10 marks)**

SECTION B

Question Two

(a) Identify and explain factors that might affect the mode of entry decision for a prospective international marketing company. **(5 marks)**

(b) Different companies employ various entry strategies modes when entering foreign market. With relevant example, advise on the possible modes of entry in the overseas markets that appropriate to that company. **(15 marks)**

Question Three

(a) Multi-national organizations when entering foreign market try to standardize their global marketing mix. Explain the factors that encourage product standardization. **(10 marks)**

(b) New product development process is the same for international marketing as for domestic marketing and therefore international marketing managers may need to develop a new product for a specific overseas market. Identify and explain the stages an organization should consider in the new product development. **(10marks)**

Question Four

(a) Identify and explain factors affecting the organization structure of a firm involved in international business. **(10 marks)**

b) Unless a multinational opts for a matrix structure, it must organize its staff along other forms of organization. With relevant examples, identify and explain the three major forms of international organization. **(10 marks)**

Question Five

a) With relevant examples, identify and explain the specific objectives of international marketing research. **(10marks)**

b) International marketing research may address a hundred or more markets in the broad scan for market opportunities, and certainly concentrates on a minimum of a handful of markets as enquiries become more focused. Explain the likely challenges that forces market researcher to concentrate on few markets. **(10marks)**

Question Six

Marketing managers responsible for the success of multi- national companies understand the effect that macro environment have upon it. They cannot control the macro environment but they need to identify, evaluate and react to those forces outside the company which may affect them. Using relevant examples, Indentify and explain these dynamic factors the company. **(20 marks)**