

**ADITYA INSTITUTE OF TECHNOLOGY AND MANAGEMENT, TEKKALI
(AUTONOMOUS)**

**II MBA IV Semester Regular Examinations, August-2021
GLOBAL MARKETING**

Time: 3 Hrs

Max. Marks: 60

**Answer any Five questions
All questions carry EQUAL marks
Question No. 8 is Compulsory**

1.
 - a) Briefly discuss various management orientations of a global firm.
 - b) What are the restraining forces that a firm encounters while going global?
2.
 - a) What are factors affecting the environment in the global market?
 - b) What are the bases on which the international market is segmented?
3.
 - a) Describe the three main target market strategy options.
 - b) What other strategic positioning choices do global marketers have?
4.
 - a) What is meant by the phrase global strategic partnership?
 - b) In what ways does this form of market entry strategy differ from more traditional forms such as joint ventures?
5.
 - a) What criteria should global marketers consider when making product design decisions?
 - b) Briefly describe the various combinations of product-communication strategies available to global marketers. When is it appropriate to use each?
6.
 - a) What are the basic factors that affect price in any market? What considerations enter into the pricing decision?
 - b) How do public relations differ from advertising? Why is public relations especially important for global companies?
7.
 - a) Describe the typical channel structures for consumer products and industrial products with specific reference to global markets.
 - b) Many global retailers are targeting China, India, and other emerging markets. What would be the most likely entry strategies for these countries?

8. CASE STUDY:

Starbucks generally preferred a strategy of premium prices, using a menu and store lay-out somewhat modified for local tastes. This strategy had been working well in India. However, local and foreign specialty coffee retailers were proving increasingly formidable competitors. India's larger cities were becoming saturated. Many competitors had now turned their attention to expanding into smaller cities. India was a large, but complex market, fragmented along age, geographic, income, and demographic lines. Continued success was not certain. It was not yet clear how Starbucks should best adapt.

Starbucks' success involved continuous quality improvement for both its menu and the customer experience. Starbucks offered high quality coffee, an assortment of other beverages, sandwiches, and desserts. The customer experience was enhanced through a warm and inviting store atmosphere with excellent customer service, along with fast and free Wi-Fi Internet.

As with other heavily populated countries, India offered the potential to sell to a large number of consumers. Although India was prone to populist political swings ever since it achieved independence from Britain, there were some encouraging signs for foreign food retailers who considered entering the market. Eating at restaurants has historically not been popular in India. However, urbanization, smaller family sizes, higher salaries, expanded menu selections, and the rising popularity of cooking TV shows has led to a large increase in the number of local and multinational food establishments, from fast food to fine dining.

Starbucks saw great promise in these opportunities. Starbucks initially expressed interest in India as far back as 2007. Presumably, the turmoil in the US hindered Starbucks' ability to follow through at that time. In January 2011, Starbucks made an arrangement with Tata Global Beverages to purchase and roast premium coffee beans at a new facility in southern India. In January 2012, this was expanded to an \$80 million retail joint venture, Tata Starbucks.

Tata proved to be a very valuable and trustworthy partner. It had a lot of real estate experience that facilitated introducing Starbucks to Indian consumers. Tata helped Starbucks negotiate for prime space on the heavily-trafficked ground floor of major shopping malls. Tata added Starbucks inside its existing upscale retail outlets. Tata also formed a partnership to offer Starbucks inside its luxury Taj hotels, and to form a product line of Taj foods sold at Starbucks.

Tata's expertise in local tastes and market conditions helped Starbucks learn more about doing business in India. Tata customized Starbucks' menu by adding pastries and ice cream, helped modify the store layout to include locally sourced furniture and interior decorations, helped solve logistical problems that hindered the sale of fresh food, and helped develop an effective human resources strategy.

Perhaps most important for success in a historically protectionist market, Tata's coffee bean farms and roasting facilities were successfully leveraged with Starbucks' proprietary roasting techniques to introduce a new premium, Indian-sourced brand, India Estates Blend.

Starbucks has stated it plans to keep its global strategy of identical stores offering identical prices, with a modified menu. It is worth noting that other retailers that insisted on following standardized approaches outside the West have often not done as well as they could have. However, Starbucks also wanted to avoid direct competition with highly successful local competitors. Starbucks therefore plans to emphasize its premium social experience and foreign origins, as some European coffee retailers have done. Starbucks also seems to have accepted the possibility that it will be unaffordable to the younger generation, which ironically is more willing than older, wealthier customers to consider foreign brands.

Questions:

- a) What made Indian market attractive for Starbucks?
- b) Critically analyze the marketing plan of Starbucks in India.

If you were the CEO Indian operations, what kind of changes would you bring out in marketing strategy in making Starbucks a more successful brand India.