

Code No: 13MBA2030**ADITYA INSTITUTE OF TECHNOLOGY AND MANAGEMENT, TEKKALI
(AUTONOMOUS)****II MBA IV Semester Regular / Supplementary Examinations, April-2017****INTERNATIONAL MARKETING****Time: 3 Hours****Max. Marks: 60**

**Answer any FIVE questions
All questions carry equal marks
Question No.8 is Compulsory.**

1. How do you overcome cross cultural issues in international management? Explain socio-cultural impact on international market environment.
2. Illustrate various political risks involved in International Marketing. Suggest the strategies of pre and post investment in case of political risk.
3. Enunciate various entry modes in International Marketing. How Joint venture different from Merger. Explain.
4. Explain various regional Economic groupings. How they become trade block for 3rd world countries.
5. Explain the phases of international market segmentations. Discuss various factors that influence international Market Selection.
6. Analyse phases of the International product life cycle. Elaborate product line extension practices international marketing with suitable examples.
7. What are the various pricing methods adopted in international marketing? Explain the challenges in pricing decisions.
8. Read carefully the following case and present the case analysis in comprehensive manner:

The Sweden-based Inter IKEA Systems BV (IKEA) was the world's largest furniture retailer that specialized in stylish but inexpensive Scandinavian designed furniture. IKEA's success was attributed to its vast experience in the furniture retail market, its product differentiation and cost leadership. The company sold its furniture in kits, to be assembled by the customers at home.

In addition to furniture, IKEA also sold utility items such as utensils, hooks, clips, stands, etc. IKEA's founder Ingvar Kamprad (Kamprad) had built an international furniture chain of 226 stores in Europe, Africa, Asia and the US. For fiscal year 20014-15, the company has generated revenues of US\$ 17.9 billion, a 15% increase over the previous fiscal year. Kamprad started his business by buying pens, Christmas cards, matches, cigarette lighters, nylon stockings and other items in bulk. He sold these items to the residents of Smaland at a reasonable price, but still made healthy profits. To save more money, Kamprad would piggyback his packages on the trucks that delivered milk. IKEA soon started making money. In 1945, Kamprad started promoting business through mail order catalogues as conducting individual sales calls became impossible. Furniture was introduced in IKEA's product portfolio in the year 1947. By 1951, the furniture sales had increased so much that Kamprad

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decided to discontinue all other products and concentrate solely on selling furniture that was classy and low priced at the same time.

In the same year, the first IKEA furniture catalogue was issued and the first IKEA furniture shop was opened in 1953 at Almhult in Sweden. The first IKEA stores was opened at Almhult in 1958. The opening of the showroom was an important milestone in the growth of IKEA as customers could, for the first time, see and touch the furniture before giving an order.

By visiting the showroom, customers could review three dimensions of its products - function, quality and low price - before making their purchases. In 1956, IKEA launched its most successful product - Flat pack furniture. It was invented by accident when an IKEA employee Gillis Lundgren (Lundgren) realized that a bulky wooden table could fit into a car only when its legs were removed. He put this observation to work and thus was born furniture that could be easily dismantled and rearranged with the aid of accessories such as nails and screws. Lundgren subsequently went on to establish the design team at IKEA that created a bookshelf named Billy, and a sofa called Klippan, the two globally best-selling furniture pieces from IKEA.

In spite of its success all over the world, IKEA was criticized for traffic jams and overcrowding at its outlets, particularly at store openings which brought in frenzied crowds. In September 2004, three people were crushed to death and sixteen were seriously injured in a stampede that broke out at IKEA's store opening in Jeddah, Saudi Arabia. More than 8,000 people had gathered near the store for the US\$150 gift vouchers, some of them having camped overnight. According to Anders Dahlvig, Chief Executive Officer (CEO) of IKEA, "Awareness of our brand is much bigger than the size of our company. That's because IKEA is far more than a furniture merchant. It sells a lifestyle that customers around the world embrace as a signal that they've arrived, that they have good taste and recognize value."

Questions:

- I. Analyse the market opportunities in East Asia and select the markets?
- II. What cultural factors one should consider while doing business in East Asia?
- III. If IKEA wish to market its products in Middle east countries, what factors it shall consider.