

Q.7

Case Study

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IOC has formed a wholly owned subsidiary in Mauritius called **Indian Oil Mauritius Ltd.** (IOML) with a substantial projected investment. The company is setting up a state-of-the-art bulk storage terminal at Mer Rouge to stock 24,000 metric tonnes of vital petroleum products, along with an auxiliary and bunkering facility. It is also establishing 25 modern petrol (and gas) stations. IOML is in the process of building infrastructure for the storage, bottling, and distribution of Indane LPG and marketing of Servo lubricants in Mauritius.

In addition, IOC has formed another wholly owned subsidiary in Sri Lanka called **Lanka IOC Pvt. Ltd.** (LIOC). In February 2003, LIOC took over 100 retail outlets previously owned by the Ceylon Petroleum Corporation (CPC). It is the only privately owned company, besides the state-owned CPC, that operates retail petrol stations in Sri Lanka. LIOC is also building and operating storage facilities at the Trincomalee tank farm and is involved in bulk supply to industrial consumers.

To facilitate LIOC's operations, the Sri Lankan government has extended the following concessions:

- (a) A tripartite agreement signed between the Sri Lankan Government, CPC, and LIOC guarantees that only three retail players (including CPC and LIOC) will operate in the Sri Lankan market for the next five years.
- (b) LIOC has been granted income tax exemption for 10 years from the date of commencement of operations, with a concessional tax rate of 15% thereafter, compared to the prevailing rate of 35%.
- (c) LIOC has also been granted customs duty exemption on the import of project-related plant, machinery, and equipment during the five-year project implementation period, as well as the free transfer of dividend/income to India.

Questions:

- (a) Critically evaluate the factors affecting IOC'S selection of these entry modes.
- (b) In view of the emerging economic and political scenario, evaluate IOC'S entry into Sri Lanka as a Wholly Owned Subsidiary.

Total No. of Questions: 7

Total No. of Printed Pages: 4

Enrollment No.....



Knowledge is Power

Duration: 3 Hrs.

Programme: MBA

Branch/Specialisation: Management / Marketing

Maximum Marks: 60

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d. Assume suitable data if necessary. Notations and symbols have their usual meaning.

	Marks	BL	PO	CO	PSO
Q.1 i. Which theory suggests a country should specialize in producing goods where it has the highest efficiency?	1	1	3	1	
(a) Absolute advantage (b) Comparative advantage (c) Factor endowment (d) Mercantilism					
ii. Which market type involves multiple countries with decentralized decision-making?	1	1	3	1	
(a) Domestic market (b) International market (c) Multinational market (d) Global market					
iii. Which of the following is a key aspect of cultural dynamics in international marketing?	1	1	3	1	
(a) Economic policies (b) Language, religion, and social norms (c) Legal regulations (d) Geographical location					
iv. What does international marketing research primarily help a company understand?	1	1	3	1	
(a) Customer loyalty (b) Product development costs (c) Market conditions and customer preferences (d) Employee satisfaction					
v. Which of the following is a characteristic of multinational operations?	1	1	3	1	
(a) Operating only in the domestic market (b) Owning subsidiaries or branches in multiple countries (c) Focusing on a single product line for global sales (d) Exclusively using joint ventures for market entry					

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- vi. What is the primary role of the IMF in international trade?
 (a) providing loans to businesses for expansion
 (b) promoting global financial stability and exchange rate stability
 (c) setting trade tariffs and quotas
 (d) enforcing regional trade agreements
- vii. Which of the following is a key challenge in export pricing?
 (a) Deciding on the local distribution channels
 (b) Managing cross-border exchange rate fluctuations
 (c) Deciding on the product design
 (d) Adapting the product to meet local regulations
- viii. When a company uses product adaptation in international markets, it:
 (a) Uses the same product for all markets
 (b) Alters the product to meet local needs or preferences
 (c) Reduces the product features to cut costs
 (d) Relies on brand image to sell the product
- ix. What is the primary function of an international marketing channel?
 (a) To create awareness of the product
 (b) To transport the product to international markets
 (c) To provide after-sales service
 (d) To monitor competitors
- x. Which of the following is NOT a part of physical distribution?
 (a) Transportation (b) Warehousing
 (c) Marketing Research (d) Order fulfilment
- Q.2**
- i. Define International Marketing and discuss its key features.
- ii. Explain the absolute advantage theory and comparative advantage theory in international trade, highlighting their differences.
- OR**
- iii. Describe the EPRG framework. Discuss how companies can apply the framework to develop an international marketing strategy.

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- Q.3 i. Explain how social and political considerations impact international marketing strategies. **3** 2 3 2
- ii. What are the effects of legal and financial influences on international marketing? **5** 1 3 3
- OR**
- iii. Define international marketing research. Explain how it can help companies make informed decisions when entering new markets. **5** 2 3 3
- Q.4 i. What is the purpose of export documentation in international trade? **2** 1 3 2
- ii. Define Foreign Direct Investment (FDI). Discuss its various types. **2** 3 3 1
- iii. Discuss the key features of the EXIM Policy 2015-2020 and explain how it supports export promotion in India. **4** 2 3 1
- OR**
- iv. Describe the methods of entry into international markets and discuss their advantages and disadvantages for companies looking to expand globally. **4** 3 3 1
- Q.5 i. What is price escalation in international marketing? **3** 1 3 1
- ii. Discuss the various alternative strategies in multinational product planning. How can companies choose the best strategy for their international markets? **5** 3 3 3
- OR**
- iii. Discuss various pricing strategies in international marketing. How do companies use different pricing strategies in the context of international markets? **5** 3 3 2
- Q.6
- Attempt any two:
- i. Discuss the international physical distribution with example. **4** 2 3 2
- ii. What are the challenges faced by companies in managing international distribution channels? Discuss strategies for overcoming these challenges in global markets. **4** 3 3 2
- iii. Write short note on perspective of international advertising. **4** 2 3 1

Marking Scheme					
MS5EM08 (T) International Marketing (T)					
Q.1	i)	a) Absolute Advantage ii) c) Multinational Market iii) b) Language, religion, and social norms iv) c) Market conditions and customer preferences v) b) Owning subsidiaries or branches in multiple countries vi) b) Promoting global financial stability and exchange rate stability vii) b) Managing cross-border exchange rate fluctuations viii) b) Alters the product to meet local needs or preferences ix) b) To transport the product to international markets x) c) Marketing Research	1	ii. effects of legal influences effects of financial influences OR iii. Definition of international marketing research. Steps of research- Explanation of how it can help companies make informed decisions when entering new markets.	3 Marks 2 Marks 1 Marks 3 Marks 1 Marks
			1	Q.4 i. Purpose of export documentation in international trade ii. Definition of Foreign Direct Investment (FDI) Its types iii. Key features of the EXIM Policy 2015-2020 Explanation of how it supports export promotion in India.	- 2 Marks - 1 Marks - 1 Marks -2 Marks -2 Marks
			1	OR iv. Methods of entry into international markets Advantages and disadvantages	- 2 Marks - 2 Marks
			1	Q.5 i. Definition and types price escalation in international marketing ii. Any 5 alternative strategies in multinational product planning.	-3 Marks - 4 Marks
Q.2	i.	Definition of International Marketing:	1 Marks	How can companies choose the best strategy for their international markets	- 1 Marks
		Features of International Marketing :	2 Marks		
	ii.	Absolute advantage theory : and Comparative advantage theory :	1 Marks	OR iii. Types of pricing strategies in international marketing.	-3 Marks
		Difference between them-	1 Marks	Explanation of how do companies use different pricing strategies in the context of international markets	- 2 Marks
OR	iii.	Define EPRG Framework - List the four approaches: Ethnocentric, Polycentric, Regiocentric, Geocentric - Explanation of Each Approach- Application of EPRG Framework in Developing an International Marketing Strategy-	1 mark 1 mark 2 Marks 1 Marks	Q.6 i. Definition and explanation of international physical distribution Example ii. Any 4 challenges faced by companies in managing international distribution channels Any 2 strategies for overcoming these challenges	4 -3 marks -1 marks - 2 marks -2 marks
Q.3	i.	social considerations impact- 1.5 Marks and political consideration impact-	3 1.5 Marks	OR iii. Definition/Introduction ofto international advertising Explanation, globalisation, standardisation, regulations etc- 3 Marks	-1 Mark 4

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- i. Critically evaluate the factors affecting IOC'S selection of these entry modes.
- 3 Marks
- ii. In view of the emerging economic and political scenario, evaluate IOC'S entry into Sri Lanka as a Wholly Owned Subsidiary.

-3 Marks

Introduction to case-

1 mark

Conclusion-

1 mark

SWOT-

2 mark
