UPES

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, December 2018

Course:International Marketing Management   **Code: MKTG8001**
Programme:MBA (IB)   **Semester III**
Time: 03 hrs.   **Max. Marks: 100**
Instructions:

SECTION A (20 Marks)
All Questions carry 2 marks.

S. No.		Marks	CO
Q 1	The Study of International Marketing should focus on a)Product b)place c)Price d)Promotion	2	C03
Q2	To US Students French Marketing is a)Domestic b)Foreign c) Comparative d) Extensive	2	C02
Q3	When a firm uses same marketing strategies abroad which has been used in Home market it probably is….. a)Ethnocentric b)Ploycentric c) Geocentric d) Unicentric	2	C01
Q4	Marketing is not needed in…… a) Socialist Countries b) Communist countries c) Less developed countries d) Developed countries e) Needed in all countries	2	C04
Q5	MNCs are often associated with …… a)Exploitatio b)Ruthlessness		C01

	c) Power d) Bigness e) All of the Above		

Q6	This Country is World's Largest exporter
	   a) USA
	   b) China
	   c) India
	   d) Germany
		2	**C01**

Q7	a)Trade theories assume that trade is…..
	   b))Unilateral
	   c)Bilateral
	   d) Multilateral
		2	**C02**

Q8	The Market Oriented system is called
	   a)Capitalism
	   b)Socialism
	   c) Communism
	   d) Modified communism
		2	**C03**

Q9	The Most Important reason behind utilization of Market segmentation is..
	   a)Market Hetrogeinity
	   b)Positioning
	   c) Test Marketing
	   d) Product life cycle
		2	**C01**

Q10	This Marketing Component is most likely to be Standardised…..
	   a)Brand
	   b)Advertising
	   c) Price
	   d) Distribution
		2	**C02**

**SECTION B (5x4=20)All questions carry equal marks.**		
Write Short Notes on the following			
Q 1	International Marketing Environment	**5**	**C03**
Q2	Describe the various reasons for Firms entering International Marketing	**5**	**C01**
Q3	Importance of Pricing in International Market with examples	**5**	**C01**
Q4	Trade Barriers with reference to International Marketing	**5**	**C02**

SECTION-C
Attempt any Two questions(2x15=30)

Q 1	) Write short Notes on the following
	    a) WTO
	    b) ASEAN
	    c) IMF
		15	CO1/CO2

Q2	Describe International Market Channels and distinguish between direct and Indirect Channels.	15	CO1/CO2/C03
Q3	Explain the process of Marketing Communication in International Context.	15	CO2/CO3/CO4

SECTION-D Case Study
(*Please the study the following and answer 5 the questions.(6 Marks each)* (**Answer in approx.. 250 words**)
(6x5=30 Marks)

*(*Answer in approx.. 250 words*)*

CASE: Shell and Customer Relations Management : one database for 20 million customers

Interview by Peter olsthoorn with Ruud van Munster, european Loyalty and CRM Manager for shell
'Using overly expensive IT-driven CRM projects, other companies paved the way for Shell,' is one of the opening remarks made during an interview with Ruud van Munster, Shell's European Loyalty and CRM Manager. The oil company has learned from its failures and has chosen not to implement CRM on a Europe-wide scale, but instead to take a step-by-step approach.

A country-by-country basis
Shell has elected to expand its CRM programme on a country-by-country basis and is currently (2004) active in nine out of seventeen targeted countries. Munster: 'We first want to prove that something works on a small scale before we invest in something huge. There are too many CRM failures in the world. There are already too many projects in which the IT

focus is too strong. Companies stare at huge CRM systems with abundant possibilities for which they have no sound application. If you do not know how to use them to create customer and company value and just climb aboard the CRM train, you will not succeed.' According to van Munster, too many companies have also implemented a call centre without first formulating a proper business case. 'In our organisation IT follows and we only install a call centre if we are convinced it will improve sales. We spend as little as possible on operations. Besides, a European CRM system is not necessary in our organization since there are only a few customers that fill up their cars across the border and those that do are normally less brand loyal.'

Shell currently maintains its own Shell (Club) Smart programme in thirteen countries and a 'coalition programme' in four countries: Air Miles in the Netherlands, Happy Days in Belgium, Thrumf in Norway and Smiles in France. The fuel card that can be used to pay for the fuel can also be seen as a loyalty programme and is in use in the Scandinavian countries.

Shell has created a three-layered CRM organisation:
● A loyalty competency centre in Hungary with IT and CRM knowledge. Van Munster: 'Hungary is known for the quality of its IT people, in addition to being one of the most successful countries for the Shell loyalty programme.'
● A European team of CRM experts; each of the team members has strategic responsibility for a cluster of countries.
● The local loyalty and CRM groups in the countries, who implement the programmes and have succeeded in creating value.

Van Munster: 'Centralisation has absolutely paid off. It was here that we developed our standard building blocks that we can apply to the countries. A few years ago we needed one year per country to implement a programme; now we do it in three months.' If it is up to van Munster, CRM applications will be further simplified and standardised in 2004, making implementation easier for local CRM teams. 'Practical efficiency is the goal. Perhaps it will become possible at some point to produce a single European or even global catalogue instead of national versions, and the articles can be sourced at lower cost.'

Facts
Is this approach typical for a follower? No, if we ask van Munster. 'You have to find out what does and what does not work on a step-by-step basis. You have to remain pragmatic. We sell fuel and cannot innovate CRM theory.' At present, Shell has a database of 20 million customers in Europe. This database is filled country by country and is currently operational in seventeen countries. The relation and transaction data are known and it is possible to identify customers and send them correspondence or products. It is possible to look into the database to find out how active they are, how frequently they cash in their loyalty points, determine their fuel purchasing behaviour and evaluate the value that they represent. Van Munster likes facts: 'Not many consumers will admit that loyalty points influence their choice of a fuel brand, but practice has

proven otherwise. I attach more value to information I get from the database than to the results obtained through traditional market research. There is a difference between what consumers say and what they actually do.'

Shell actions
Crucial within Shell is the accountability for a campaign. Control groups are used, for example, to show the value of a campaign. 'In France we noticed a significant difference in customer revenue. Campaigns pay off and add approximately 10 percentage points. We had campaigns with a 50 to 60 per cent response rate, which is extremely high. The road warriors in particular, the group that drives a lot and buys plenty of petrol, responds quite well. They love to reach the individual target we communicated to them.' The example here is England where key customers received eight to ten e-mails during the summer with the offer of increasing their loyalty points by buying additional litres of fuel. 'They saw it as a game and took on the challenge.' E-mail has become a favourite, although Shell will continue to send physical mailings
as well. 'In three hours' time you can invent and create an e-mail campaign; in a regular direct mail process this will take much longer. I do not want to abandon traditional direct mail, as it is part of the multichannel approach and complements the other channels, but the internet is gaining ground.'

Intranet
In England, the entire CRM operation, including the call centre, is outsourced to Carlson. Shell's competence centre, however, remains in charge and manages the relationship with Carlson. The future of outsourcing depends on several factors. 'In England, Shell has made good progress with CRM, the wages are high and there is a wide range of service providers. But taking on the challenge in-house also has its advantages as has been proven in Hungary, a country with 2.2 million cars and 2 million Smart customers in Shell's database. Smart customers can cash their points in at McDonald's and this makes the loyalty programme attractive for many. Success depends to a large extent on the efforts and spirit of the local organisation,' according to van Munster. Crucial to the organisation of CRM is the communication between the three layers and it is here that the web is useful. Shell has a European portal, an intranet, which functions
simultaneously as a knowledge base, a communication vehicle and the beginning of e-mail campaigns. Van Munster: 'Nearly everything we know about the 20 million customers may be traced on the intranet. Target groups in the seventeen countries and the success of campaigns are described in detail. If Turkey wants to copy a British campaign, they first read everything on the intranet and then get together for a face-to-face meeting to further develop the campaign. Each country has access to the available information. But only the local people have permission to access relationship data. 'This online tool is for us the basis for guiding CRM. You can do as much with it as you want. You can select customers for your campaign, based upon their life-time value or transaction profile and you can approach them whenever you want.'

	Conclusion The CRM targets differ per country and are defined using terms such as retention, reactivation and share of wallet. Van Munster: 'If we realise a retention rate of 68 per cent in the experimental group for the high value customers and 58 per cent in the control group, you can say that CRM is a success.'		
Q1	What are key factors determining the success of Shell's CRM approach?	**6**	**C01**
Q2	How would you formulate Shell's vision and strategy towards CRM?	**6**	**C02**
Q3	Reconstruct Shell's CRM road map	**6**	**C02**
Q4	Formulate Shell's CRM business case(s).	**6**	**C03**
Q5	How useful will a standardised global CRM approach be for Shell? Why?	**6**	**C04**

QUESTION 2

<table>
<tr><td>Name:

Enrolment No:</td><td colspan="3" align="center">UPES</td></tr>
<tr><td colspan="4" align="center">UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
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<tr><td colspan="4" align="center">SECTION A (20 Marks)
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<tr><td>S. No.</td><td></td><td>Marks</td><td>CO</td></tr>
<tr><td>Q 1</td><td>Midsize German Companies contribution to Export success is…
    a)Significant
    b)Minor
    c)uneven
    d) Unpredictable</td><td>2</td><td>CO3</td></tr>
<tr><td>Q2</td><td>The definition of MNC on the contribution of the foreign operations in terms of Sales,earnings,operations.
    a)Structure
    b)Performance
    c) Behaviour</td><td>2</td><td>CO1</td></tr>
<tr><td>Q3</td><td>Decentralisation is likely the case of ….
    a)Ethnocentricity
    b)polycentricity
    c)Geocentricity</td><td>2</td><td>CO2</td></tr>
<tr><td>Q4</td><td>Perhaps the most credible argument for protectionist measure is…..

    a) Keeping money at Home
    b) Reducing unemployment
    c) Enhancing national security
    d) Equalizing cost & price
    e) Protecting infant industry</td><td>2</td><td>CO1</td></tr>
</table>

Q5	This is not a form of subsidy a)cash b)Interest rate c)Tax d) freight &infrastructure	**2**	**CO2**
Q6	This legal form of Organisation offers a limited liability advantage a)branch b)subsidiary c)partnership d) Sole Proprietorship	**2**	**CO2**
Q7	This is not Characteristic of Culture a)prescriptive b)socially shared c)learned d)Objective	**2**	**CO1**
Q8	One problem of Primary Data is a)Specificity b)Relevance c)Being Upto Date d)Cost	**2**	**CO2**
Q9	This kind of Capital flow is most stable a)FDI flows b) portifolio flows c)Money market funds	**2**	**CO3**
Q10	Innovations are most likely to be introduced in a)least developed countries b)less developed countries c) growing economies d)highly developed countries	**2**	**CO4**
SECTION B (5x4=20)All questions carry equal marks.			
Write Short Notes on the following			
Q 1	State different types of International Business	**5**	**CO1**

Q2	Factors affecting International pricing	5	CO3
Q3	Global marketing Information system	5	CO2
Q4	Planning for International Market	5	CO2

SECTION-C
Answer any two questions(2x15=30 Marks)

Q 1	According to you for a Multinational Bank ,what are the limitations of Global Marketing.?	15	CO1/2
Q2	With the help of suitable examples explain the advantages & disadvantages of different market foreign Market Entry strategies?	15	CO1/2/3
Q3	What Global Marketing environment ? explain with reference to socio-cultural ,economic & legal environment.	15	CO2/3/4

SECTION-D Case Study

Section – D (30 Marks 2x15)

Starbucks in the US

In 2008, Starbucks, with over 15,000 stores in 43 countries and serving 50 million customers a week, was the world's leading retailer, roaster and brand of specialty coffees. During the 1990s and thereafter, the company expanded rapidly – especially in the US. However, trouble started brewing at Starbucks in 2006 and come 2008, it threatened to spill over. With sales of $9.4 billion and its growth targets and expansion into Asia being on track, it would seem that all was well. In fact, Starbucks was facing its first serious crisis in many years – its share price had fallen by more than 40 per cent for the first time since it listed.

The question is what are Schultz's [the CEO's] priorities and how should he go about addressing them?

Starbucks was originally positioned as a 'third' place between work and home where one could come, listen to music, relax and drink great coffee. The Baristas were expected to be friendly and to know customers' names and their favourite drink on their next visit. The need to be pleasant and friendly with customers was emphasized. The company had a strong employee culture. Schultz acknowledged that he built the brand with his people, not consumers. Schultz's objective became to make Starbucks a national company with a presence in every major city. The company accelerated its store openings at the end of the 1980s and in the 1990s, it could count thousands of stores. All through the years the company invested heavily in these stores, as they refrained from franchising. Finding the right location was therefore

crucial. An error in judgement on a new store would cost the company at least $500,000 and even more for a flagship store.

The company also started a mail order business. It dates from the mid-1970s and allowed mail order buyers to obtain Starbucks' products. These buyers appeared to be the most loyal customers. Areas where they found concentrations of mail order buyers appeared to be the best locations for (new) Starbucks' stores. Starbucks also formed a number of partnerships to serve a broader customer base. It sets up the North American Coffee Partnership with Pepsi to manufacture and distribute coffee drinks. The first product, Mazagran – a cold, carbonated coffee beverage – was a failure. However, the next product – bottled Frappuccino – was an instant hit and heralded Starbucks'entry into the supermarket and the ready-to-drink beverage business. Furthermore, the company initiated partnerships with bookstore chain Barnes and Noble and Chapters Inc., food and beverage company Kraft Foods, hotel chains Host Marriott International and Hyatt International and also got the United Airlines and Horizon Air accounts. In addition, it experimented with drive-through windows in locations where speed and convenience were important, with kiosks in supermarkets, lobbies and other public places. The company started to use FlavorLock bags to retain the freshness of the coffee. It made the expansion strategy feasible, according to Schultz. Starbucks came to be known for its dark roast specialty coffees and also leveraged the brand to build complementary products and service. They produced a successful line of music CDs, as a result of an extremely popular in-house music programme. They further acquired their own music label, Hear Music and launched Hear Music Coffeehouses. The downturn began in 2006. An article was published in Business Week: 'The coffee quality has been declining, especially as stores went from brewing coffee to pushing buttons on machines. The atmosphere of the stores has become all-too familiar.' Store sales declined in 2005 by 9 per cent and in 2006 by 7 per cent. The introduction of a warm breakfast to boost sales did not help. In the meantime, prices for food commodities reached an all-time high in the US. Consumers were no longer willing to spend so much on a cup of coffee at Starbucks. In February 2007, Consumer Reports, a trade magazine, rated McDonald's filter coffee as better not just in flavour but also in price.

Starbucks' share, which had been on a constant upswing ever since the company went public, also slumped. The share price plummeted by 42 per cent – making it one of the worst performers on the Nasdaq stock exchange in 2008.

Questions:

Q1	Treacy and Wiersema distinguish between three value disciplines, i.e. operational excellence, customer intimacy and product leadership. Which value discipline(s) has Starbucks applied in recent years? Give arguments.	**15**	**CO1/2 /3/4**
Q2	Would you characterize Starbucks' strategy as a defensive or offensive strategy? Give arguments for your choice. What are your recommendations for Starbucks in the US if you want to build a sustainable company that is expanding in line with shareholders expectations?	**15**	**CO1/2 /3/4**