

UNIVERSITI SAINS MALAYSIA
Master of Business Administration

First Semester Examination
Academic Session 1995/96

October/November 1995

AMU642 - INTERNATIONAL MARKETING

Time : [3 hours]

INSTRUCTION :

Please make sure that this examination paper consists of **THREE (3)** printed pages before you begin.

Answer **FOUR (4)** questions only. Question number 1 is **COMPULSORY**.

1. The attached newsreport highlights the characteristics of Malaysian exporters and prescriptions for export success.
 - a. Discuss the relevance of Rafidah's remarks on Malaysian exporters on the propositions in export literature that attitudinal factors are related to firms' export involvement;
 - b. What are the economic justifications for trading companies (sogoshoshas) in foreign trade?
 - c. Why are there no Malaysian trading companies comparable in size and scope to the Japanese trading companies?
 - d. Distinguish between trade missions and trade fairs. What are the benefits of participating in trade fairs?

[40 marks]

2. The generally held view in international marketing literature is that foreign market entry is most successful when resources are committed incrementally.
 - a. Discuss the nature of incremental internationalisation.
 - b. What alternative explanation has been proposed to describe the internationalisation of firms from the Far East?

[20 marks]

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3. Discuss factors that make the conduct of international marketing research (for example in Europe) more difficult than domestic marketing research. [20 marks]
- 4a. What alternative strategies can a company adopt to brand its product in international market?
- b. Discuss some of the possible decisions that a manager in charge of international marketing in a Malaysian owned company will have to make should his/her company decide to shift from being a contract manufacturer (i.e exporting buyers' brand) to exporting its own brand. [20 marks]
5. "Management should not assume that a strategy that works in the home market will be equally effective abroad". Discuss. [20 marks]
6. Briefly discuss any **FOUR (4)** of the followings:
- a. distinguish between obligatory and discretionary adaptation
 - b. factors affecting the pricing decision internationally
 - c. the steps involved in developing an international advertising programme
 - d. illustrate how a letter of credit helps in receiving payment for exports
 - e. export problems encountered by firms from developing nations
 - f. the propensity to export increases with firm size

[20 marks]

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Be pioneers and venture out, Malaysian traders told

TRADE AND INDUSTRY MINISTRY MEETING WITH PRIVATE SECTOR

TRADE and Industry Minister Datuk Seri Rafidah Aziz yesterday told local manufacturers and exporters to be pioneers and not followers when penetrating new markets.

"The world has become a global village and businessmen should not say that a place is too far away," Datuk Seri Rafidah told 200 exporters at a meeting at the ministry.

The week-long annual meeting which ended yesterday was to enable the government to hear the views and problems of the private sector which the government is hoping will assume a bigger role in increasing Malaysia's exports.

"Unless we are there first, we may lose the opportunity," she said. "There must be a touch-base effort. By being there first, you will build up goodwill in the new markets."

Datuk Seri Rafidah called for the establishment of trading posts in new markets so that Malaysian products could be imported into those countries and distributed effectively.

Last year, Malaysia's exports totalled \$67.8 billion, up 22 per cent on the \$55.39 billion of a year earlier. Although world trade grew by only seven per cent last year, Malaysia's external trade grew by 36.2 per cent last year compared with 27.7 per cent in 1988.

Datuk Seri Rafidah stressed that manufacturers and exporters should be alert to the emerging opportunities in the changing economies of Indochina, the Pacific islands, South America and Africa.

On the European single mar-

ket after 1992, she said: "No one can predict what its final appearance will be. However, to the optimist, a single market means a bigger market with uniform import procedures and standards and this may provide market opportunities to increase exports."

Turning to Eastern Europe, she said the World Bank had promise loans to those countries to generate demand for imports and there would be prospects for exports of building materials, basic consumer items such as textiles, clothing and foodstuff to those countries.

Datuk Seri Rafidah said the extra leg work involved in going to non-traditional markets would bring about untold benefits to exporters willing to venture out.

For example, she said, Fiji had indicated that it could be the springboard for Malaysia's manufactured products in the Pacific islands.

"One should not say that Fiji is too far away when opportunities abound there," she said.

Datuk Seri Rafidah said the Fijian government had agreed to nominate a government agency to set up a joint venture with the Malaysian private sector to import goods from Malaysia.

Fiji and the nearby island states, she said, imported about US\$1 billion (\$2.7 billion) worth of basic necessities annually, most from New Zealand and Australia and many of these products could be supplied by Malaysia.

Datuk Seri Rafidah also told

local manufacturers and exporters of the importance of market exposure and promotion in trade missions and trade fairs and assured that the ministry would assist in the participation of 22 trade fairs all over the world this year.

She said most Malaysian manufacturers often liked to go to the well-known markets and shied away from the less well-known areas.

Citing an example, Datuk Seri Rafidah said she once led a 40-member trade delegation to Europe but when the mission visited Portugal, all but one Malaysian businessman dropped out.

Datuk Seri Rafidah also said the municipality of Rotterdam had offered space at its trade and distribution centre in that Dutch city for Malaysian manufacturers to exhibit their goods.

The Asia Pacific Trade Centre in Bremen, West Germany, and the Pacific Design Centre in the United States had also asked for Malaysian participation.

Malaysian manufacturers and exporters, Datuk Seri Rafidah said, should make use of these opportunities to promote their products in these areas.

Manufacturers and exporters were also urged to provide a constant supply of product samples and brochures to Malaysian trade commissions around the world.

She said the trade commissioners had often complained that they faced difficulty in replacing exhibits because of the lack of new product samples

and their narrow range.

On the part of the ministry, Datuk Seri Rafidah said Malaysian Export Trade Centre would establish a new exhibition centre at Changkat Villion here to enable foreign buyers to see the range of products manufactured in Malaysia.

She said Malaysian manufacturers should also adopt the *goshosha* (Japanese-style living house) approach to attract higher profile overseas.

"You should pool your sources and act in unison," she said. "In this way, you can convince shippers to ply more regularly when you have more volume for them to carry."

She said local manufacturers and exporters should develop their own internal networks so that the synergy could be put to good use in penetrating new areas more effectively.

"In export trade, the establishment of a good network system with the channels of distribution and the consumer is important, particularly for manufactured products where competition is keen and understanding of consumer preferences is necessary," she said.

Datuk Seri Rafidah called on Malaysian traders to find innovative means to do business with countries with strict currency rules.

In this respect, they should improve their skills in various types of instruments such as countertrade.

They could also attempt to attract foreign investment overseas by establishing palm oil refineries and textile plants. — Bern