

UNIVERSITI SAINS MALAYSIA
Master of Business Administration

Third Semester Examination
Academic Session 1998/99

April 1999

AMU642/AMU644 - INTERNATIONAL MARKETING MANAGEMENT

Time: [3 hours]

INSTRUCTION:

Please make sure that this examination paper consists of **TWO (2)** printed pages before you begin.

Answer **THREE (3)** questions only. Question **ONE (1)** is compulsory.

1. Read the attached case (All Shave in Saudi Arabia) and identify the main issues. What options, or alternative approaches, might the American company have considered in dealing with this situation? What, if anything, is wrong with Mr. Lacey's present tactics?

[50 marks]

2. The Japanese has been hailed as world class marketers (Kotler & Fahey, 1982). Doyle, Saunders & Wong (1992) however, offer different explanations when they conclude that "... the successful Western companies analysed had marketing strategies and profiles similar to the Japanese. Being Japanese is not synonymous with success ...". Elaborate the common as well as distinctive marketing factors that distinguish successful Japanese international marketers from their Western counterparts.

[25 marks]

3. "... the United States – with a business culture that developed the concept of marketing management – generally trips up in its quest to compete globally because it doesn't appreciate the importance of culture in attacking and defending markets." (MacPherson, 1987). Please identify the linkage between culture and strategic marketing management issues at the international level. As an international marketing consultant, please advise the steps you would take to ensure that Malaysian exporters do not fall into the same trap as the Americans.

[25 marks]

4. What alternative strategies can a company adopt to brand its products in international market? Malaysian manufacturers, often the anonymous producers behind some of the world's famous labels, have been advised to create market niches for brand names indigenous to Malaysia. Discuss some of the possible decisions that a manager in charge will have to make should his/her company decides to shift from being a contract manufacturer (i.e. exporting buyers' brand) to marketing own brand.

[25 markah]

...2/-

All Shave in Saudi Arabia

On a hot summer day in 1990, Mike Lacey lay on his bed and watched as the fan went around. He felt whipped and didn't really know what to do next. All week he had been trying to influence Mustafa Almin, and he had had no more effect than the fan was having on the heat of Riyadh.

Three years ago the All Shave Company, of which Mike was Middle Eastern manager, had been very successful exporting razors and blades to Saudi Arabia. Then, in the face of possible import restrictions, the company had turned over its business to a new company financed by the Almin family. The family members were leading Saudi industrialists who had built a fortune on the production of steel products, like picks and shovels, and were then interested in expanding to new fields. All Shave received a minority interest in the new business in return for its trade name and technical aid.

The contract with the Almin family had also specified that they would "actively promote All Shave products." Mike thought that it was clearly understood that this meant continuing the aggressive promotion that had been used in Saudi Arabia to build the company's sales in the 1970s from nothing to a high level. Under Almin management, however, All Shave sales had dropped steadily. It was soon evident that the Almins were not pushing sales, and in visits and correspondence, the company applied increasing pressure for more activity.

When nothing happened, Mike finally decided he would go to Saudi Arabia and stay until he could find a way to get the Almins moving. That was over six weeks ago. After spending the first month in the field, Mike had worked up a detailed program designed to reestablish All Shave's market position. He had found All Shave products were being sold from Almin warehouses with virtually no sales effort and that promotion was limited to a few newspaper advertisements and a scattering of posters distributed by the Almin family's industrial sales reps. No additional salespeople had been added for All Shave accounts. The selling activity fell far short of All Shave's former program and that of its leading competitor.

For the past week, Mike had been trying to convince Mustafa Almin, the sixty-year-old head of the family, to adopt a better program. But he had argued in vain. Mike had pointed to the low sales volume and to the Almins' limited program, which he pointed out did not meet their agreement. He had supported his proposals in the greatest detail, arguing particularly that All Shave's previous success and the present results achieved by their competition proved that strong promotion was worthwhile.

Mustafa Almin expressed appreciation for Mike's interest and efforts but had agreed to nothing. He explained that a sales drop was inevitable with the change to the Saudi manufacturer. Although sales were lower, the company was

making a reasonable profit. He said that to fulfill the contract terms he had undertaken newspaper advertising even though he did not believe in it. He felt its blatant character reflected on the prestige of the Almin family name.

Mustafa Almin believed that a good product was its own best advertisement and on that basis the Almin family had built a great business. He also observed that the closest competitor sold a higher-quality blade than All Shave and it was quite probable that this, rather than promotion, accounted for their success. In any case, several British concerns in related fields did very little advertising, and since they had been in India for many years, Mr. Almin felt their approach to the market was probably sounder.

Mike found it hard to counter these arguments. He was sure he was right, and equally sure that Mr. Almin was a very competent businessman who should be able to see the logic of Mike's proposals. He had great respect and liking for Mr. Almin, and he believed that once Almin grasped the value of promotion, he would do great things for All Shave in Saudi Arabia.

But how could he convince him?

Mustafa Almin settled himself to relax before the evening meal and reflected for a moment on the events of the past week. He had spent a great deal of time with the boy from the United States. He was a good boy, full of energy and ideas. He wished he could do something to help him. He drove so hard, and for what? This whole arrangement with the All Shave Company had turned out rather differently from what the Almins had expected. The product was good, and left to themselves, his family could develop it into a good business, as they had with the rest of their operations.

But they were not left to themselves. Instead, there had been constant pushing and arguing. These people from the United States never seemed to be satisfied with anything. Now they sent this young man who scarcely knew Saudi Arabia to tell the Almins how to run their business. It was not pleasant at all. He hoped the young man would give up soon.

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