

**GUJARAT TECHNOLOGICAL UNIVERSITY**  
**MBA– SEMESTER - III-EXAMINATION- SUMMER-2023**

**Subject Code: 4539241****Date: 19/06/2023****Subject Name: International Marketing Management****Time: 02:30 PM TO 05:30 PM****Total Marks: 70****Instructions:**

1. Attempt all questions.
2. Make Suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.
4. Use of simple calculators and non-programmable scientific calculators are permitted.

- Q.1**      **Define the following terms:**      **14**
- (a) Free Trade Area
  - (b) Anti Dumping
  - (c) Marine Cargo Insurance
  - (d) Joint Venture
  - (e) LOC
  - (f) Export Broker
  - (g) TRIMs
- Q.2**      (a) Explain the International Product Life Cycle theory in brief. Discuss how it is different from the domestic PLC?      **07**
- (b) Explain the various International market entry strategies with suitable examples.      **07**
- OR**
- (b) Briefly explain the various steps involved in the marketing research process.      **07**
- Q.3**      (a) Write a short note on the various modes of entry to foreign markets.      **07**
- (b) Describe the sales promotion and advertising strategies in International marketing with example.      **07**
- OR**
- Q.3**      (a) Explain the important methods of pricing in International Marketing with suitable examples.      **07**
- (b) "Firms operating internationally come across a wide range of diverse cultural environment." Explain the significance of culture in international business decisions with suitable examples.      **07**

- Q.4 (a) Explain the warehousing & insurance strategies to be followed in International Marketing. 07
- (b) What are the issues and challenges faced in communicating across countries? Describe in detail with appropriate insights. 07

OR

- Q.4 (a) “Product Adaptation vs. Product Standardization are two basic approaches for export planning”. Discuss the relative merits and demerits of each of the available options. 07
- (b) What barriers make controlling international operations more complex than controlling domestic market activities? Explain. 07

Q.5 **CASE STUDY:**

**L’Oréal**

When it comes to globalize beauty, no one does it better than L’Oréal. The company was founded in Paris more than 100 years ago by a young chemist, Eugene Schueller, who sold his patented hair dyes to local hairdressers and salons. By the 1930s, Schueller had invented beauty products like suntan oil and the first mass-marketed shampoo. Today, the company has evolved into the world’s largest beauty and cosmetics company, with distribution in 130 countries, 27 global brands, and more than \$30.8 billion in sales.

Much of the company’s early international experience is credited to Sir Lindsay Owen-Jones, who transformed L’Oreal from a small French business into an international cosmetics phenomenon with strategic vision and precise brand management. During his almost 20 years as CEO and Chairman, Owen-Jones divested weak brands, acquired ethnically diverse brands, and expanded into markets no one had dreamed of, including China, South America, and the former Soviet Union. His quest was to achieve diversity and “meet the needs of men and women around the globe, and make beauty products available to as many people as possible”.

Today, L’Oreal focuses on five areas of beauty expertise: skin care, hair care, makeup, hair coloring, and perfume. Its brands fall into four different groups: (1) *Consumer products* (52% of sales, includes mass-marketed brands like Maybelline and high-technology products sold at competitive prices through mass-market retailing chains), (2) *L’Oreal Luxe* (27% of sales, includes prestigious brands like Ralph Lauren perfume that are available only in premium stores, department stores or specialty stores), (3) *Professional Products* (14% of sales, includes brands such as Redken designed specifically for professional hair salons), and (4) *Active Cosmetics* (7% of sales, includes dermo-cosmetics products sold at pharmacies, drugstores, and medi-spas).

L’Oreal believes precise target marketing – hitting right audience with the right product and message at the right place – is crucial to its global success.

Owen-Jones explained, “Each brand is positioned on a very precise [market] segment, which overlaps as little as possible with the others.”

The company has built its portfolio primarily by purchasing local beauty companies all over the world, revamping them with strategic direction, and expanding the brand into new areas through powerful marketing arm. For example, L’Oreal instantly became a player (with 20% market share) in the growing ethnic hair care industry when it purchased and merged the US companies Soft Sheen Products in 1998 and Carson Products in 2000. L’Oreal believed the competition had overlooked this category because it was fragmented and misunderstood. Backed by a deep portfolio of brands and products, SoftSheen-Carson is now the market leader in the ethnic hair care industry.

L’Oreal also invests significant money and time in its 22 local research centers around the world. The company spends 3.5% of annual sales on R&D, more than one percentage point above the industry average, researching and innovating products that meet the local needs of each region.

Understanding the unique beauty routines and needs of different cultures, climates, traditions, and physiologies is critical to L’Oreal’s global success. Hair and skin greatly differ from one part of the world to another, so L’Oreal listens to and observes consumers across the globe to gather a deep understanding of their beauty needs. L’Oreal scientists study consumers in laboratory bathrooms and in their own homes, sometimes achieving beauty milestones.

In Japan, for example, L’Oreal developed Wondercurl mascara specially formulated to curl Asian women’s eyelashes, which are usually short and straight. Within three months, Wondercurl mascara had become Japan’s number-one selling mascara, and young women lined up outside stores to buy it. L’Oreal continued to research the market and develop nail polish, blush, and other cosmetics aimed at this new Asian generation.

L’Oreal believes its future lies in emerging areas such as Asia, Africa, and Latin America, where it expects to find millions of new customers over the next few years. Marc Menesguen, L’Oreal’s managing director-strategic marketing, explained, “Our projection for 2020 is that 50% to 60% of sales will be coming from [emerging] markets”. As a result, new research centers have popped up in these countries, and the company is working aggressively on understanding these consumers’ needs and developing beauty products to satisfy them.

Well known for its 1973 advertising tagline – “Because I’m Worth It” – L’Oreal is the leader in beauty products around the world. The company spends approximately \$5 billion in advertising each year, making it the third-largest advertiser. As Gilles Weil, its head of luxury products explained, “You have to be local and as strong as the best locals, but backed by an international image and strategy.”

- Q.5** (a) What role have local and global marketing, smart acquisitions, and R&D played in growing those portfolio brands? **07**
- (b) What are the keys to successful local product launches like Maybelline's Wondercurl in Japan? **07**

**OR**

- Q.5** (a) What is next for L'Oreal on the global level? If you were CEO, how would you sustain the company's global leadership? **07**
- (b) Who are L'Oreal's greatest competitors? Local, Global or Both? Why? **07**

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