

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS**FOURTH YEAR EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF COMMERCE****BCOM 423: INTERNATIONAL MARKETING****STREAMS: BCOM****TIME: 2 HOURS****DAY/DATE: THURSDAY 06/12/2018****8.30 A.M – 10.30 A.M**

INSTRUCTIONS

- Answer question one and any other two questions

QUESTION ONE (COMPULSORY)

Read the case and answer the questions that follow;

Automotive components inc

Pat small, the newly appointed assistant export manager for automotive components inc, looked out of his office window while contemplating the responsibilities of his new job. As a graduate with a major in international business he was delighted to have found this challenging well paying position. Yet in taking a close look at his assignment he kept wondering about the direction of the company and automotive component inc.(ACI) was started over 50 years ago, designing and building automotive components, including electrical systems and gauges of various types. The company's innovative quality products had gained high quality reputation a healthy growth and excellent profitability.

ACI's founder and his sons, who took over the business upon their fathers retirement managed to develop close relationships with the leading car and truck builders in the US. The result was that the company became a leader in many of the market riches in which it completed. As far as participating in the international markets was concerned, the company, liked to point out that the US market was by far the most important one in the world and offered plenty of opportunities for growth. ACI's international involvement had largely been limited to the licensing of a British firm to make certain proprietary products and exporting products from the US through an export management company (EMC) . The EMC assumed full responsibility for the marketing of ACI's products outside the us ACI's management had been very pleased with the growth of the company's exports and licensing income. Currently, foreign sales revenue accounted for almost 20% of total sales and were growing at a faster rate than the domestic business. In addition, as the president liked to point out these export sales are very

profitable requiring little and effort on the part of the company since the EMC handles most marketing activities . Although it would be difficult to calculate an accurate rate of return on resources invested in this area, every one agrees that the number must be very attractive.

in Pat small, as the new assistant export manager was hired to work closely with the EMC trying to increase exports at an even faster pace. While contemplating this responsibility, pat could not help thinking back to an international business course he took in college not too long ago. There he learned about companies which had gone far beyond simple exporting as a way to increase their business in foreign markets. Many of these companies had their own sales offices and even production facilities abroad. Sometimes, they would work with that local foreign companies in joint ventures. Such an aggressive approach in foreign markets obviously required substantial investment and involved various risks. However, based on other companies experiences it seemed that the potential of many foreign markets fully warranted these investments and efforts. Suddenly pat knew what he should do! He would conduct some market research, review his old international business texts and if his first impression was confirmed a memo to his boss summarizing as concisely and forcefully as possible:

- (i) What ACI should more aggressively pursue foreign markets abroad and (ii) How ACI could best enter various markets abroad.
 - (a) Assuming you are Pat small clearly explain five reasons why ACI should become more aggressively involved in foreign markets. [10 marks]
 - (b) Identify and explain the advantages and disadvantages of ACI's international market strategies. [10 marks]
 - (c) Identify the reasons why ACI company was successful in foreign markets. [5 marks]
 - (d) Advise ACI on any other appropriate foreign market strategies they should adopt. [5 marks]
2. Not all world economies operate at the same level of efficiency. For that reason it is necessary to have a clear idea of the economic situation of a particular host country in order to develop appropriate market strategies. Based on this statement ,explain in detail all the aspects of economic environmental factors that you should take into consideration for each host country. [20 marks]
3. (a) Briefly explain ten barriers to international marketing. [10 marks]
 (b) What are the major problems facing small companies in resolving product adaptation issues. [5 marks]
 (c) Explain the significance of new trade theory to international marketers. [5 marks]
4. (a) Explain why standard sales promotion tools and personal selling may not be effective overseas markets. [10 marks]

(b) What advantages would Kenya derive from exporting its goods and services to overseas markets. [10 marks]
