

September 2013

Master of Business Administration (MBA) Examination
IV Semester

International Marketing

Time : 3 Hours]

[Max. Marks : 80

Note : Attempt any four questions from Section A and Section B is compulsory.**Section A**

1. (a) Briefly discuss any two theories of International Trade.
(b) Which thing is more relevant in case of trade between two developed countries? Justify with examples.
2. (a) Why it is important to consider social factors before launching any product in any country? Give suitable examples.
(b) How legal factors can help or hinder the marketing of products in international markets? Explain with reasons.
3. (a) Out of standardization or customization which strategy is suitable for Indian Exporters and why? Explain.
(b) Which pricing strategies are commonly available for Indian Exporters? Give examples.
4. (a) Which key variables affect channel decision in international markets? Give details.
(b) Need for FDI in 'Retailing'.
5. Write short notes on any two of the following :
(a) Exim Policy.
(b) INCO Terms and its importance.
(c) Trade Fair as promotional tool.
9. Discuss the role of industrial trade fairs in overseas markets :
(a) For Promoting Products.
(b) For Services.
7. (a) Bring out the difference between Adoption and Diffusion of New Product.
(b) List and analyse the factors that affect the Rate of Diffusion.

Section B

8. Analyse the case and answer the questions given at the end.

A FAIR WAY OF ADVERTISING

HLL and CavinKare are at war again over their respective fairness creams, Fair & Lovely and Fair ever. This time the latter's advertisements takes a dig at HLL's ad which has a father ruing his dark daughter's inability to land a

job. CavinKare's ad seems to say mere fairness is no achievement and has a father encouraging his daughter to be an achiever irrespective of her complexion. Isn't it strange that these companies, and others in the business, continue to sell fairness as a desirable quality, be it for success in marriage or career, and equate dark complexions with failure and undesirability, which is not the truth? Where does a company draw the line between selling a product and being socially sensitive?

Kiranmayi has raised a potentially controversial issue but I'm very glad she has. Because this is an indication of a trend that consumers are increasingly beginning to evaluate not just products and ads in isolation, but are also beginning to consider corporate image, social responsibility and commitments of marketers.

Let's start with a very basic issue - is there a demand for a product like fairness cream? Most definitely yes, and this demand stems from a desire that most Indians have to look fairer (not only woman - you would be surprised to now that in several parts of the country the brand enjoys significant make user ship !). In fact across categories, across the world, the basic need for several products stems from a desire that people have to be or look like what they are not. So you'll find African-Americans who desire straight hair, Caucasians who desire a tan, Southeast Asians who desire fairer skin. The brands in questions therefore seek to tap and existing need in their consumers to look and be different. This approach applies not only to beauty products, but also to a wide range of lifestyle products - slimming clinics, shampoo, cosmetics and clothing, accessories.

Is this desire unhealthy? Within limits, I don't think so. Though it is true that world over the perception of beauty has been so far linked to Caucasian features. Again, I am glad to note that this is changing. The biggest proof, of course, lies in the increasing number of beauty queens from India. Indian looks are becoming more acceptable and it is possible to look different (yes, even dusky), yet beautiful.

Having established that there is a demand for image products, can a marketer address this demand in a safe and effective manner? The danger lies in marketers who market products that are ineffective or even worse, unsafe to play on people's desires. A couple of years ago, there was a large controversy in several African countries about some fairness creams that contained hydroquinone. It was reported that uncontrolled use of such products could damage skin cells and could potentially increase the likelihood of cancer. Now despite the controversy, several cheap and unsafe products continue to buy the fairness dream! So the second lesson for marketers it to be responsible for the safety and effectiveness of the product that they develop.

Now we come to the toughest part - advertising the product. In this particular case I must admit, ideally, I would have liked to portray the positive

effects of the product, without actually linking 'dark skin to failure. However, this is a though brief for any creative agency. Even in this case, while the story line in itself is not really denigrating, the implications that are being derived are causing a problem. But implications lie in the eyes of the beholder and it's difficult to judge what may become inappropriate.

In fact, even in this ad, there are several positive elements. Fair & Lovely has moved the fairness category beyond the issue of beauty alone towards being confident, and financially self-reliant is a fat cry from the days in which fairness was all about getting your man.

But beyond this particular ad, the larger issue is that of creating stereotypes that normal consumers may find it hard to live up to - superwomen wives, athletic, strong, men, attractive teenagers. What's even worse is creating negative associations with anything that does not fit into the above stereotypes - people who are not physically attractive or fit are shown as those to be pitied or laughed at. And this is not restricted to advertising alone - even movies, TV soaps - all pander to certain stereotypes. The truth is that all of is like to see the images that we aspire to be.

Despite that is there a social responsibility that brands (and indeed film makers, and TV producers and celebrities) have towards being sensitive to what they portray? I would believe that strong brands (and especial market leaders) must be sensitive to their consumers. In fact, in the long run this sensitivity and foresight may actually strengthen the brand.

How does one achieve this? Not through external monitoring but through internal commitment. Ideally, marketers should put together multi-functional, diverse (different backgrounds, States, sex) brand teams to bring together different and rich opinions and views. It is easier to avoid stereotyping in your external communication if you don't stereotype your employees. This, of course, raises two interesting questions to which I don't have the answers - were there any women who approved the Fair & Lovely and internally? And why didn't consumer research throw up the negative reactions that the add seems to have gathered on air?

Questions :

1. How does consumer gain with the ad war between HLL and Cavin Kare due to lifting of quantitative restrictions on imports?
2. What is the effect of advertisement on Fair and Lovely due to the implementation of WTO Agreement on SCM?
3. What promotion strategy has been adopted by HLL for increasing market share in the international market?

