

PGDM, 2019-21
International Marketing
DM -432
Trimester – IV, End-Term Examination, September 2020

Time allowed: 2 Hrs 30 Min

Max Marks: 50

Roll No: _____

Instruction: Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means**. In case of rough work please use answer sheet.

SECTION A

Note: Attempt either Part A or Part B in each question

1 A] “Business leaders around the world are scrambling to adjust to a world few imagined just few years ago. Countries throughout North America and Europe have experienced waves of anti-globalization sentiments. Businesses are uncertain about whether to retreat, change strategy, or stay the course” In light of above statement discuss the stages of globalization till 2008. In your opinion how will globalization be impacted in current era of trade war and Covid pandemic. **(CILO 1)**

10 marks

OR

B] “Porter Diamond is a model that is designed to help understand the competitive advantage of nations due to certain factors available to them, and to explain how governments can act as catalysts to improve a country's position in a globally competitive economic environment.” In light of above statement explain various components of Porter's Diamond. Does this framework help in explaining rise of Indian IT and Japanese electronics industry? **(CILO 1)**

10 marks

2A] Assume that you are the Head-International Business of a leading steel company of India. You know that there are opportunities in France as well as in Vietnam and you want to enter these markets. You have to decide on appropriate mode of market entry into each of these. Give reasons for selecting a particular mode. **(CILO 2)**

10 Marks

OR

B] “The goal of foreign marketer is to gain product acceptance by the largest number of consumer in shortest span of time, however new products are not always readily accepted” Discuss using suitable example the factors that affect the rate of diffusion and how the knowledge of innovation characteristic can help the marketer in determining rate of acceptance of product in the market. **(CILO 2)**

10 Marks

3 A] Incoterms play a very significant role in deciding the price of products for international markets. Explain how will the price and responsibilities change with each of the Incoterms. Also mention the changes that have been brought about in Incoterms -2020 **(CILO 3)**

10 Marks

OR

B] An exporter of leather goods situated at Agra wishes to export the goods through ICD located at ICD, New Delhi. Discuss the procedure followed for getting the custom clearance of goods at ICD. Also discuss the role of Bill of Lading in transport of goods clearly mentioning the types of B/L you would prefer transport of goods **(CILO 3)**

10 Marks

SECTION B

Note: Case study is compulsory (CILO 3)

20 Marks

Disney's Hong Kong headache

"The launch of its new theme park got off to a rocky start, but Disney's still got an appetite for the China market." - Michael Schuman, Hong Kong, May 15th, 2008. The slogan of Disneyland is "The Happiest Place on Earth", but the experience of Mr Lian Ning, an engineer who brought his family to Disney's new theme park in Hong Kong from the southern Chinese city of Guangzhou was far from satisfactory. He said that he came with a fairy-tale experience but here the park was not big and Disneyland was not different from other amusement parks in China. His seven-year-old daughter Yaqin was happy but her parents were not.

Hong Kong's Magic kingdom was a \$1.8 billion theme park which was opened on September 2006. The reason why Disney invested in China was that China was a potentially vast new market for toys, DVDs and movies. The Hong Kong government motivated Disney to come to Hong Kong in the hope of getting good brand name as a tourism destination.

The park was very small and could not match the visitors' expectations. As per the attractions there were only 16 in number, compared to 52 at Disneyland Resort Paris. There were other issues like bad management which included ticketing and human resource management. A survey was conducted by Hong Kong Polytechnic University wherein 70% of the local residents polled said they had a more negative opinion of Disneyland since its opening. As per Prof John "Disney knows the theme park business, but when it comes to understanding the Chinese guest, it's an entirely new ball game."

Mr Jay Rasulo, Chairman of Walt Disney Parks and Resorts has a different story to tell, "I feel great about how Hong Kong Disneyland is doing." Disney's own surveys of park visitors show an 80% satisfaction rate, among the highest of any of the company's parks, says Rasulo, "People feel this is a great experience." Doing marketing in America is a different ball game. Disney very well knew that imposing a very American sensibility on foreign guests can be a difficult experience. When Disneyland Paris opened in 1992, Disney famously banned wine from park restaurants, much to the dismay of European *bons vivants*.

Problem

In Hong Kong, Disney tried to have a local flavour by having "imagers" installed Main Street's first Chinese eatery, along with Fantasy Gardens where Mickey Mouse, local

favourite Mulan and other Disney characters reside so tourists can readily snap pictures with them a priority for many Chinese visitors. "Ironically, Disney's most high-profile stumble resulted from being too local. When executives decided to server shark-fin soup, a Hong Kong favorite, environmentalist howled and Disney ignominiously yanked it from the menu."

1. Culturally the Lunar New Year holiday beginning in January is a popular vacation time in China. Disney neglected to block off the entire week as "special days" for which visitors required specific tickets. Tourists with valid tickets got turned away at the front gates after the park quickly filled up; the jilted travellers screamed at park employees, while TV cameras filmed one family trying to pass a child over the fence. Henry Tang, the city's Financial Secretary, voiced concern that this disarray "might affect image of Hong Kong's tourism industry." Bill Ernest, Hong Kong Disney land's managing director, says the company "had no idea" that demand would spike so sharply at that time and adds that Disney has since expanded the number of "special days" to improve crowd during holidays; "We don't make the same mistake twice".
2. Disney has also strained its relationship with Chinese travel agencies, which pay a crucial role in funnelling tourists into the park. Yu Limin, a general manager at China CYTS Outbound Travel Service in Beijing, complains that Disney originally demanded several weeks' notice when the agency wanted to reserve a guaranteed number of rooms - a nearly impossible deadline, he says, as Chinese travellers often don't finalize trips more than a few days in advance. Agents also say they make so little money organizing Disneyland trips that they don't have any incentive to market the park. Disney has tried to improve its ties to travel agents by, for example, boosting the commission they earn on selling tickets and reducing the advance notice needed to secure hotel bookings. Hong Kong Disneyland's vice president for sales and travel-trade marketing says, Disney is "Still far from understanding the real market in China. They started off doing business the American way. So they have encountered problems".
4. Some workers assigned to play the parts of supposedly cheery characters like Mickey and Tigger have also complained. In April, the Hong Kong Disneyland Cast Members' Union made public a litany of gripes over poor pay, excessive work hours and, most of all, the sweltering conditions inside their costumes. Disney counters that the complaints are an "inaccurate representation" of the work environment at the park that staffers have been granted extra rest days beyond those mandated by their contracts, and that their costumes are no different to those worn at its hot park in Florida.
5. The park was not built on a grand scale because the Chinese didn't grow up with Disney and don't know the characters as well as Americans and Europeans do, which acts as a constraint on its potential audience. People call it a "great introductory park". Disney to reach its target of 5.6 Million customers started aggressive promotion campaign like offering free tickets for 50,000 Hong Kong taxi drivers [and] share it with their passengers.

Indeed, Disney continues to bet that its long-range investment plans in China will pay off, regardless of the recent headaches in Hong Kong. The firm is still in talks with Chinese officials about opening a mainland theme park, possibly in Shanghai, says Rasulo. "Have we made some mistakes?" he asks, "Absolutely, we are in a brand-new market, we have to keep listening and keep learning, but Hong Kong Disneyland will need a bit more work".

Questions

1. Why did Disney invest in Hong Kong?
2. In your viewpoint what cultural inputs did Disney forget to take into consideration while deciding on the marketing strategies?
3. Prepare a strategic road map for Disney in Hong Kong.