

PGDM (IB) 2017-19
International Marketing
DM -435

Trimester – IV, End-Term Examination, September 2018

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 any 3 questions

1. "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?
2. Cultures around the world can be classified as High Context and Low Context; discuss with the help of suitable real examples characteristics of each type and points to be kept in mind while doing business in each type of culture.
3. When product diffusion occurs, a process of social change may also occur. Consequences of diffusion of an innovation may be functional or dysfunctional. Discuss with the help of suitable examples the responsibility of marketer in each of the above situation.
4. "International marketing research plays a vital role as firms expand globally. Yet limited attention has been paid to the conceptual underpinnings of research needed to guide expansion." In light of above statement discuss the shortcomings of the existing framework of conducting IMR and suggest alternative method that can be employed to improve the conceptual foundation of IMR
5. Discuss the role of Incoterms in deciding price of product for International Market clearly defining the cost and risk involved of buyer and seller under each Incoterms -2010? Which of the Incoterms are most preferred by seller and why?

3X10 = 30 Marks

SECTION B

Note: Case study is compulsory

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 an 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 Honk 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 Ap "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 wherein the year 2006 Disney welcomed its 2 billionth visitor last week. Disney were well knows 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

1. 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 favorite 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."
2. 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 travelers 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 Disneyland'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".
3. Disney has also strained its relationship with Chinese travel agencies, which pay a crucial role in funneling 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 travelers often don't finalize trips

* Source: May 15th, 2006, Michael Schuman Hong Kong.

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. "We're listening to everything they have to say and adjusting where we can," says Josh D'Admaro, Hong Kong Disneyland's vice president for sales and travel-trade marketing. But Yu 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-rang 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, possible 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." Restoring Tinkerbell's health only requires a round of applause, 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.