

GUJARAT TECHNOLOGICAL UNIVERSITY

MBA - SEMESTER-IV • EXAMINATION-SUMMER • 2014

Subject code: 840101

Date: 23-05-2014

Subject Name: International Marketing (IM)

Time: 10.30 am - 13.30 pm

Total Marks: 70

Instructions:

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

Q.1. Solve Case

SONY: THE SOUND OF ENTERTAINMENT

The name Sony, derived from the Latin word sonus for sound and combined with the English word sonny, was adapted for Japanese tongues. It is the most recognized brand in the USA, outranking McDonald's and Coke. Sony Corp. has \$60 billion in worldwide sales, with 80 percent from overseas and 30 percent alone from the USA (more than sales in Japan). Sony's stock is traded on twenty-three exchanges around the world, and foreigners own 23 percent of the stock.

According to the UNCTAD's World Investment Report 2002: Transnational Corporations and Export Competitiveness, in terms of value-added sales, Sony is ranked No. 80. In other words, Sony is larger than such economies as Uruguay, the Dominican Republic, Tunisia, Slovakia, Croatia, Guatemala, and Luxembourg. In addition, in terms of foreign assets, Sony is No. 22. Out of its total assets of \$68,129 million, it has \$30,214 million in foreign assets. It also derives \$42,768 million from foreign sales out of its total sales of \$63,664 million. Some years ago, the company made an early move into local (overseas) manufacturing, and 35 percent of the firm's manufacturing is done overseas. For instance, Sony makes TV sets in Wales and the USA, thus enabling the company to earn revenues and pay its bills in the same currency. Sony has recently ceased its production of video products in Taiwan and has moved the operation to Malaysia and China in order to employ cheaper labor.

But Sony will establish a technology center in Taiwan for product design, engineering, and procurement. Sony has some 181,800 employees worldwide, 109,080 of whom are non-Japanese. In the USA, 150 out of its 7100 employees are Japanese. Virtually alone among Japanese companies, Sony has a policy of giving the top position in its foreign operations to a local national. For example, a European runs Sony's European operations.

Sony was also the first major Japanese firm to have a foreigner as a director. Sony's late co-founder, Akio Morita, even talked about moving the company's headquarters to the USA but concluded that the effort would be too complicated. Sony Corp. of America, located in New York, was Sony's US umbrella company in charge of the US operations that included Sony Pictures Entertainment (formerly Columbia Pictures) and Sony Music Entertainment (formerly CBS Records). Because the president, an American, failed to stop rampant overspending of Sony Pictures Entertainment, Sony ousted him and took a \$2.5 billion write-off. Sony's CEO Nobuyuki Idei has stripped the New York headquarters of all operational responsibility for the US market and turned it into a second headquarters and strategic planning center for the USA. The overall management of Sony's US operations will be left to Tokyo. Many of New York's functions will be delegated to Sony Pictures and Sony Music, both of which will report to Tokyo. Idei said: "I want to make [Sony Corp. of America] a more direct extension of Sony headquarters in Japan. We don't need to manage Sony Pictures and Sony Music from New York." Incidentally, Idei has been described by friends as "un-Japanese" because he speaks his mind and demands candor from others.

Questions:

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| (a) Do you consider Sony to be an MNC (multinational corporation)? | 07 |
| (b) What are the criteria that you use to make this determination? You need to provide factual evidence to show how these criteria are or are not met. | 07 |

P.T.O.

- Q.2 (a)** What are the benefits of international marketing? **07**
(b) What is principle of absolute cost advantage? Explain in detail **07**
OR
(b) Briefly explain the marketing barrier. **07**
- Q.3 (a)** Explain the type of government in political system. **07**
(b) Write a note on Bribery. **07**
OR
- Q.3 (a)** What is Culture? What are the Characteristics of Culture? **07**
(b) Write a note on Country of origin and perceived product quality **07**
- Q.4 (a)** Discuss the reliability and validity problems in conducting a cross-national comparison study with the use of a standardized questionnaire. **07**
(b) Write a note on Foreign Trade Zones. **07**
OR
- Q.4 (a)** Explain the stages and characteristics of international product life cycle **07**
(b) Write a note on A branding model for decision making in international marketing **07**
- Q.5 (a)** What is Money? Explain Foreign Exchange in Detail **07**
(b) Write a note on WTO. **07**
OR
- Q.5 (a)** What is dumping? When does it become illegal? What can a seller do to circumvent antidumping regulations? **07**
(b) Explain packaging problem in international distribution. **07**
