

Eastern University, Sri Lanka
Faculty of Commerce & Management

**Final Year Second Semester Examination in BBA /Specialization in Marketing
Management**

2014/2015 (November 2017) (Proper/Repeat)

MKT 4063 International Marketing

Time:03 Hours

Answer all 05 questions

No. of pages 04

Read the following case study and answer the questions given below

SHOW ME THE MONEY: THE BIRTH OF SINGAPORE'S GAMING INDUSTRY

Most companies undertake foreign market entry or green field investments in the hopes of reaping the benefits. The stakes are high, risk is definite and the returns never guaranteed. Hence, when two of the world's largest gaming companies decided to operate casinos in Singapore at a staggering investment amount of SGD\$5 billion* each, this gamble certainly raised a few eyebrows. In an attempt to ditch Singapore's sterile and sanitised image, the 40-year-old country has reinvented itself by adding a bit of sizzle. It announced in 2005 that it will reverse its four decade ban on casinos and have not one but two casinos. This is an about-turn from its long and utter anathema towards gaming. Through a lengthy process of planning, consultation and public debates on the pros and cons of legalising gambling and casinos, it emerged that these 'Integrated Resorts' or 'IRs' as they are more commonly known, will be an integral part of the citystate's long-term strategy to grow the tourism and hospitality sectors by doubling visitor arrivals to 17 million and tripling annual tourism revenue to SGD\$30 billion over the next 10 years. Las Vegas Sands Inc. is an American company that was awarded Singapore's first casino license in 2006 to build Marina Bay Sands (MBS). The corporation committed to invest SGD\$3.85 billion into the project. MBS will feature 110000 square metres of convention and expo meeting space capable of accommodating over 45000 people, luxury retail space, two 2000-seat theatres, an extraordinary sky park, world-class casino. The overall cost of the MBS project will potentially make it the most expensive casino in the world.

The second IR is located on the island of Sentosa, off the southern coast of Singapore. Resorts World at Sentosa (RWS) occupies 49 of the 463 hectares of Sentosa and it is built by Genting

International, a Malaysian-based company. RWS has committed to invest more than SGD\$5 billion into the project and it will own and operate all key attractions at the resort. In comparison to MBS, which focused on developing a convention and expo business, RWS was designed with the family in mind thus the two casinos will hopefully work in tandem and attract different clienteles in the long run. The bidding process that these two corporations went through before emerging as the winners was extremely competitive with numerous corporations and consortiums around the world placing their formal bids. An overall proposal detailing the concept and rationale had to be submitted. Proposals were evaluated and no detail was considered too minor to leave out. MBS was chosen over several others as the winner.

In his announcement of the result, Deputy Prime Minister, Professor S. Jayakumar, said: '(Las Vegas) Sands has submitted the best overall proposal that meets our economic tourism objective. RWS on the other hand edged out other rivals by maintaining consistency with the theme of a 'family resort', downplaying the casino and working with Universal Studios to offer 18 attractions specifically created and redesigned for Singapore. The theme park occupies half of the site as the main attraction, with the casino being less visible', said Professor Jayakumar.' The winning of the bids by Las Vegas Sands Inc. and Genting International only marks a beginning. Both corporations will now have to deliver what they have promised. As with any large-scale project, there have been instances in which these companies have faced problems: falling behind in building schedules, a shortage of labour and raw materials and rumours of financial insolvency, just to name a few. Both casinos are eager to open their doors in 2010. With the Singaporean government firmly behind these two projects, coupled with the country's long-established reputation of efficiency, political stability and a population with a 'can-do' attitude, these projects certainly have the goodwill of the entire nation. The lower gaming tax rate of 15 per cent in comparison to neighbours Malaysia (28 per cent) and Macau (39 per cent) will prove to be advantageous.

Questions:

- i. What are the key motivations for international corporations such as Las Vegas Sands and Genting International to pursue foreign-market entry?

(Marks 05)

ii. The case indicated that Genting International will own and operate all the key attractions at Resort World at Sentosa. Identify the pros and cons associated with this form of foreign business ownership?

(Marks 05)

iii. Apart from the legal acceptance of casino licensed, do you see any other cultural, ethical and global considerations? If so, as a CEO of casino how you respond to them.

(Marks 06)

iv. Las Vegas Sands Inc. is an American company that was awarded Singapore's first casino licensed. As licensed, Singapore states, and local governments have competed aggressively for foreign direct investment. Discuss the business of attracting foreign corporations from the viewpoints of both the companies and the states. What are the matters of concern to companies which they will take into consideration when making their location decisions?

(Marks 06)

v. Singapore state imposed lower gaming tax rate on Las Vegas Sands Inc. Will gaming tax enhance Singapore trade competitiveness? Will it discourage tax avoidance and evasion of companies? Propose your arguments.

(Marks 06)

(Total 28 Marks)

Illustrate the 'Comparative advantage' in International Marketing.

(Marks 04)

'International Product Life Cycle theory (IPLC) has the potential to be a valuable framework for marketing planning on a multinational basis'. Briefly explain the IPLC with suitable example.

(Marks 06)

'The best research design and the best sample are useless without proper measurements'. Appraise the measurements with suitable example while conducting international marketing research.

(Marks 08)

(Total 18 Marks)

- Q3. i) *'One of the cues often used by consumers in evaluating products is country of origin'*. **Illustrate** this statement with suitable example. (M)
- ii) *'Economists usually advocate a free flow of capital across national borders because they can then seek out the highest rate of return'*. **Illustrate** three (03) foreign market entry strategies with example. (M)
- iii) *'When breaking into a foreign market, marketers should consider factors that influence product adoption'*. **Elaborate** the factors on the adoption process. (M)

(Total 18)

- Q4. i) *"Any business, no matter how large or small, domestic or international, always requires some kind of financing for its operations"*. There are number of financial and non-financial resources available for international business, **demonstrate** them. (M)
- ii) *'Governments interfere with free marketing is to protect local industries'*. **Explain** the reasons for protecting the local industries. And **Argue** the rationalities of your reasons. (M)
- iii) Briefly **discuss** global branding decisions and global packaging decisions. (M)

(Total 18)

- Q5. i) *'Managing Publicity as a promotional tool in International Marketing is a challenge'*. **Illustrate** this statement with suitable examples. (M)
- ii) *'Direct Channel requires that the manufacturer deal directly with a foreign party without going through an intermediary in the home country'*. **Explain** the types of international direct channels. (M)
- iii) *'Business culture affects all aspects of work and organizational life: how managers recruit and promote employees, how they lead and motivate their subordinates, structure organizations, select and formulate their strategies, and negotiate'*. **Analyze** the Business Culture and its dimensions. (M)

(Total 18)