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School of Business

Master of Business Administration MBA Dual Specialization
Mid Term Examination - Mar 2024

Duration : 90 Minutes
Max Marks : 50

Sem IV - MBMK6006 - International Marketing

General Instructions

Answer to the specific question asked

Draw neat, labelled diagrams wherever necessary

Approved data hand books are allowed subject to verification by the Invigilator

- 1) Evaluate this statement "In a scenario where an Indian tractor manufacturer plans to enter the South American tractor market, create an advanced strategic plan for limiting the potential impact of political risk. Develop innovative techniques that encompass political risk assessment, mitigation, and contingency planning to safeguard the company's interests effectively." (or you can replace political risk with something else, political risk is already covered before) K5 (5)
- 2) Apply your knowledge of digital technology's impact on worldwide marketing by developing a complete digital marketing strategy for a multinational firm looking to reach new markets. K3 (6)
- 3) "As a professional venturing into a new international market, your focus lies in strategically cultivating and maintaining cross-cultural relationships and networks to optimize business opportunities." Question a) Analyze the steps involved, such as conducting cultural research, adapting communication styles, and building trust, and provide examples grounded in your comprehension. K4 (8)
- 4) Choose different approaches to cross-cultural analysis, focusing specifically on systematically assessing both the similarities and differences in material and behavioral aspects of Indian culture. K3 (9)
- 5) CNN Pumps Ltd. is a fifty-year-old company manufacturing and marketing pumps of different capacities for various applications including agriculture, industry etc. The company had started its operation in the year 1995 with Agricultural Pump Sets. It is considered as pioneer in the pump manufacturing industry. The domestic market is crowded and saturated. The company management has strong feeling that there exists tremendous scope in overseas markets. Justify the design of a global marketing research process for CNN Pumps Ltd. to identify suitable opportunities in overseas markets, given its extensive experience in pump manufacturing and the saturation of the domestic market. K5 (10)

- 6) Early November 2010, 433 passengers aboard a Singapore to Sydney bound Qantas flight QF32, A380 flagship, super jumbo jet, heard two loud explosions shortly after take-off. The jet, flying over Batam Island, Indonesia, fortunately, made a safe emergency landing back in Singapore, with 150 metres to spare on a runway too short and in the process heating its brakes to 900°C and blowing four tyres. Debris was found on the island afterwards. The cause of the explosion soon became apparent. It appeared that one of the four Rolls-Royce Trent 900 engines had broken apart shortly after take-off in a so-called 'uncontained' failure, meaning parts of it escaped its casing. Such failures can be lethal, as breakaway parts can leave the engine at such speed that they can pierce the plane's passenger cabin. It was not the first time that this family of engines had failed. In August 2010, another engine in the Rolls-Royce family, the Trent 1000, destined for the Boeing 787 Dreamliner, an entirely new passenger generation jet, failed during testing. Subsequent investigations revealed a cracked oil pipe, a critical safety issue, and the subsequent oil fire was the most likely cause of the explosions. Although all passengers and crew escaped unharmed, the aftershock was immediate and wide, involving a number of stakeholders. On the Thursday following the incident, both Rolls-Royce and EADS (Airbus's parent company) shares tumbled. Rolls-Royce, a legendary and iconic aircraft engine manufacturer which gave the world the engines that powered Concorde and the Spitfire, fell 5% compared to EADS which fell 3.5%. Rolls-Royce were quick to point out that the in-service fleet of Trent 900 engines was relatively small and recommended a number of precautionary engine checks. Five airlines operate 38 A380 aircraft. Rolls-Royce supplies engines to three of them (i.e. Qantas, Singapore Airlines, and Lufthansa); whereas the aircraft of Air-France-KLM and Emirates are powered by the engines made by Engine Alliance—a GE, Pratt and Whitney consortium. In an attempt to arrest the slide in their share price, Rolls-Royce tried to convince the City and investors that the incident was a one-off rather than an endemic design fault. In a matter of just two days, Rolls-Royce witnessed more than £1 billion wiped off its market value as its shares plummeted by more than 9% on the Thursday and Friday following the incident. The company's plight was not helped by remarks from Qantas's chief executive who pinned the blame on the engine maker. Its engineers had been poring over the engine problem in Singapore and London, and were confident they could find the problem and address the market positively in a few days. Rolls-Royce was facing its 'BP moment', one where a corporate giant faces a challenge so global and newsworthy that it changes the way a company operates forever. For Toyota, it was the accelerator pedals. For the Newspaper industry, it was Wapping. For Rolls-Royce, it was the 'Qantas moment'. Pictures of the blackened, shattered aircraft engine were beamed all around the

world. Although Rolls-Royce engineers did isolate the Qantas blowout specific to the Trent 900 engine and it knew how to fix the problem, the damage has been done to its consumers' confidence on its safety record. Airbus had orders for two hundred and thirty-four A380 aircraft, of which 40% were meant to carry the Trent 900 engine. At £12 million per engine, the 40% represented £4.5 billion of engine sales. Qantas grounded all its A380 aircraft fitted with the Trent 900 engine for three weeks, while other airlines delayed their flights for extensive checks to be carried out. Qantas's engineers concluded that the problem was a design fault. The official report into the Trent 900 failure states that an oil fire was the most likely cause of the explosion, paving the way for Qantas to seek a compensation claim. Fatigue cracking on a searing hot oil pipe started a fire which sent a turbine disc flying loose, damaging the wing, hydraulics, and electronics, including the resultant knocking out of the auto pilot. Without the action of the crew the plane would not have landed. The report went on to say that there was a potential manufacturing defect in oil pipes in a number of Trent 900 engines and all must undergo urgent tests. Given the evidence, it is inevitable that Rolls-Royce is liable for financial compensation. The grounding and replacing engines for Qantas and Singapore Airlines could cost Rolls-Royce up to £19 million in compensation. Obviously, this was a small cost compared to the £870 million wiped off the firm's value since that fateful day in November 2010. The threat of compensation could have soared further if the US Federal Aviation Administration had grounded all Trent 900 powered A380s. While it may not be as disastrous as what BP went through (the platform explosion off the US west coast), this incident has caused serious damage to Rolls-Royce, not just in financial terms but its hard-earned reputation and the trust of its clients and the public. One stakeholder with a lot to think about was Toulouse-based Airbus which makes the A380 aircraft. To rival its main competitor Boeing, Airbus invested billions of euros to develop and launch the world's largest passenger aircraft in 2007. Emirates, the Dubai based reputable airline, was Airbus' first major customer that placed a handsome order for 90 A380 aircraft. Given the massive R&D costs, it is estimated that it would take as long as 2015 before Airbus can contemplate break-even. Despite the Qantas incident, it was not uncommon for new airliners to suffer teething problems nor should it raise safety concerns. Some even went as far as saying the incident would not damage the prospect of further A380 sales. In February 2011, we begin to see a glimpse of Rolls-Royce's reversal of fortune as it won a £1.4 billion service contract from the Gulf airline, Emirates. The deal was for Rolls-Royce to maintain the Trent engines on 70 Airbus aircraft that the carrier was due to take delivery over the next few years. It was the latest in the 'bounce back' from the 'Qantas moment' and followed on from the £700 million service deal for Emirates and a

£3.2 billion engine deal for British Airways. It is possible that Rolls-Royce can recover its customers' confidence in the not-so-distant future, provided that the company does not make a similar mistake again. The failure of the Trent 1000 engine has focused attention on Airbus's new A350 aircraft, for which the Rolls-Royce Trent XWB is the sole engine to be fitted to it. This inevitably puts pressure on Airbus and Rolls-Royce as the A350, due to launch its first commercial flight in 2013, has twice as many orders as the A380

Questions:-

1 Elaborate the marketing environmental factors in the case & Discuss the possible effects of these factors on Rolls-Royce and Airbus.(6 Marks)

2 Discuss how Rolls-Royce can re-engage with customers and other stakeholders, and restore their confidence and trust in its products. (6 Marks)