

Uva Wellassa University
Faculty of Management



Degree of Bachelor of Business Management in Entrepreneurship and Management

FOURTH YEAR FIRST SEMESTER EXAMINATION – JUNE/JULY 2016

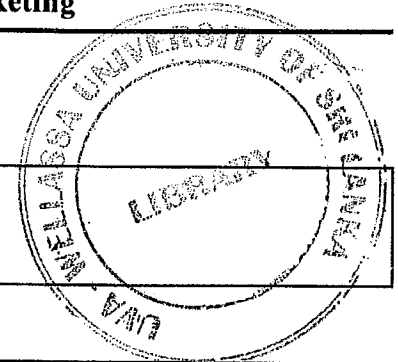
EMG 451-3 International Entrepreneurship and Marketing

Instructions to candidates:

No. of pages : Four (04)
No. of questions : Six (06) Essay
Time : Three (03) Hours
Marks allocated : 100 Marks

Index No:

--



Answer only five (05) questions including question number one (01).

1) Read the following case study and answer the questions given below.

Until 1992, the Walt Disney Company had experienced nothing but success in the theme park business. Its first park, Disneyland, opened in Anaheim, California, in 1955. The Anaheim Park was an instant success. In the 1970s, the triumph was repeated in Florida, and in 1983, Disney proved the Japanese also have an affinity for Mickey Mouse with the successful opening of Tokyo Disneyland. Having wooed the Japanese, Disney executives in 1986 turned their attention to France and, more specifically, to Paris, the self-proclaimed capital of European high culture and style. Also, the French government was so eager to attract Disney that it offered the company more than \$1 billion in various incentives, all in the expectation that the project would create 30,000 French jobs.

Disney pushed ahead with the planned summer 1992 opening of the \$5 billion park. Shortly after Euro-Disneyland opened, French farmers drove their tractors to the entrance and blocked it. This globally televised act of protest was aimed not at Disney but at the US government, which had been demanding that French agricultural subsidies be cut. Still, it focused world attention upon the loveless marriage of Disney and Paris. Then there were the operational errors. Disney's policy of serving no alcohol in the park, since reversed caused astonishment in a country where a glass of wine for lunch is a given. Disney thought that Monday would be a light day for visitors and Friday a heavy one and allocated staff accordingly, but the reality was the reverse. Disney was trying to serve 2,500 breakfasts in a 350 seat restaurant at some of the hotels. Moreover, they didn't want the typical French breakfast of croissants and coffee, which was our assumption. They wanted bacon and eggs.

"Lunch turned out to be another problem. "Everybody wanted lunch at 12:30. The crowds were huge. Our smiling cast members had to calm down surly patrons and engage in some 'behavior modification' to teach them that they could eat lunch at 11:00 AM or 2:00 PM."

There were major staffing problems too. Disney tried to use the same teamwork model with its staff that had worked so well in America and Japan, but it ran into trouble in France. In the first nine weeks of Euro-Disneyland's operation, roughly 1,000 employees, 10 percent of the total, left. One former employee was a 22-year old medical student from a nearby town who signed up for a weekend job. Europeans didn't stay at the park as long as Disney expected. While Disney succeeded in getting close to 9 million visitors a year through the park gates, in line with its plans, most stayed only a day or two. Few stayed the four to five days that Disney had hoped for.

Disney Company had invested billions in building luxury hotels next to the park-hotels and that stood half empty most of the time. To make matters worse, the French didn't show up in the expected numbers. In 1994, only 40 percent of the park's visitors were French. One puzzled executive noted that many visitors were Americans living in Europe or, stranger still, Japanese on a European vacation! As a result, by the end of 1994 Euro-Disneyland had cumulative losses of \$2 billion. At this point, Euro-Disney changed its strategy. First, the company changed the name to Disneyland Paris in an attempt to strengthen the park's identity. Second, food and fashion offerings changed. To quote one manager, "We opened with restaurants providing French-style food service, but we found that customers wanted self-service like in the US parks. Similarly, products in the boutiques were initially toned down for the French market, but since then the range has changed to give it a more definite Disney image." Third, the prices for day tickets and hotel rooms were cut by one-third. The result was an attendance of 11.7 million in 1996, up from a low of 8.8 million in 1994.

<http://www.disney.com>

Sources: P. Gumble and R. Turner, "Mouse Trap: Fans Like Euro Disney But Its Parent's Goofs Weigh the Park Down," *The Wall Street Journal*, March 10, 1994; R. Anthony, "Euro: Disney: The First 100 days," Harvard Business School Case # 9-693013; and Charles Masters, "French Fall for the Charms of Disney," *Sunday Telegraph*, April 13, 1997, p. 21.

- i. Evaluate the assumptions Disney made about the tastes and preferences of French consumers? (10 Marks)
 - ii. Suggest steps that might Disney have taken to reduce the mistakes associated with the launch of Euro-Disney? (10 Marks)
 - iii. Was France the best choice for the location of Euro-Disney? Discuss. (08 Marks)
- (Total-28 Marks)

2)

- i. Explain drivers of internationalization of a firm. (08 Marks)
 - ii. "Value chain is the set of linked value creating activities the company performs to design, produce, market, distribution and support a product. Value chain analysis helps the managers understand the behavior of costs and existing sources of differentiation."
Discuss the importance of value chain in developing strategies at the internationalization of a firm. (10 Marks)
- (Total-18 Marks)

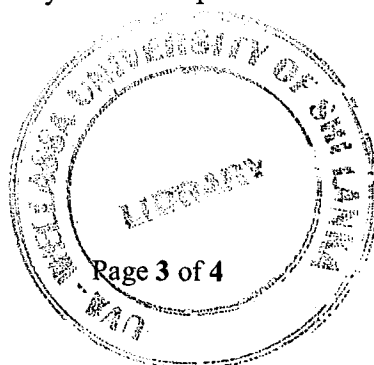
3)

"Absence of universal mean to assess or predict the economies correctly is resulted from; the difficulty in developing definitive set of indicators that estimates and predicts the performance, the dynamism in the market place and triggering the influence made by one country on the other due to Globalization."

- i. Explain different economic indicators and features that are considered in assessing economies. (06 Marks)
 - ii. Analyze current movements in the world economies according to the "Economic Freedom Index 2016". (12 Marks)
- (Total-18 Marks)

4)

- i. Explain the importance of trade shows for businesses which going to global. (4×2= 08 Marks)
 - ii. Explain the impact of political systems and political ideology, on international business operations. (10 Marks)
- (Total-18 Marks)



5)

Assume you are the marketing manager of Cameron Biscuit Limited. Board of directors has decided to expand its business up to foreign markets in order to enhance shareholders' wealth. Your manager asks you to analyze the strategic nature of international market selection. You need to prepare a managerial report, which is expected to be circulated among Board of Directors and Executives in the marketing department.

The report should elaborate; the factors that the company should consider in determining the market entry strategy and different entry methods. (18 Marks)

6)

"International channel strategies to be successful, channel leaders should take into consideration the cultural context, when seeking to proactively calm the conflict among channel partners. This knowledge is important because developing international distribution channels requires tremendous time and capital investment and involves considerable risk. Consequently, if conflict manifest between international channel partners is not managed, it can inevitably result in failure of a firm's overseas marketing program."

(Mehta R, Anderson R.E, Dubinsky A.J, Polsa P & Mazur J, 2010)

- i. Explain the factors impact on the choice of a distribution channel for international business. (10 Marks)
- ii. Briefly describe unique aspects of Japanese distributional channel system. (08 Marks)

(Total-18 Marks)