

E K S A M E N

Emnekode:	MF-401
Emnenavn:	International Marketing
Dato:	19. desember 2007
Varighet:	0900 - 1400
Antall sider inkl. forside	3
Tillatte hjelpemidler:	Ordbok fra eget språk til engelsk Dictionary from your language to English
Merknader:	Alle oppgavene teller like meget All the problems are weighted equally - 25% each

NutriHealth: EU and/or Africa?

NutriHealth Inc. is in the nutritional supplement business. For the past 50 years, it has produced and marketed Omega 3 rich cod liver oil and other food supplements. In the firm's laboratories, continuous efforts are being made in order to refine old products and develop new ones.

Dr. Sigrid Skau, who is in charge of the laboratory, spent a few years in Botswana and Malawi as a medical doctor and a nutritional expert. She was especially concerned about the malnourished children, who, because of malnutrition, became mentally retarded as adults.

Since she started her work for NutriHealth in 1995, she has devoted most of her time to the development of a low cost nutritional supplement that will stimulate the mental development of malnourished children. She finally succeeded this year, and has developed a food supplement based on fish protein and cod liver oil, which seems to work well. There are, however, no noticeable effects on well nourished children. The formula is not considered a drug, but a nutritional supplement. It should be taken once a week for the first five years of a child's life. The cost of production is quite low at USD 0.25 (twenty five cents) per weekly dosage. However, the costs to the final user in the third world will still be too high - at some USD 1.00 per week, given normal distribution costs.

Mr. Sigurd Almhaug is the CEO of NutriHealth, believes that this product has great potential in the developed world. He has patented the formula and registered it under the name of "MentalAid". He wants to sell it to EU parents with the slogan: "It's a tough world out there - give your child a fighting chance - give them MentalAid". He says that "there are enough malnourished children in our part of the world - children whose diet consist of Coke, fried potato products, candy and pizza. We have used a lot of money to develop this product, now we need to get some return on our investment. What responsible mother would not buy this for their children just in case...". The estimated price at the retail level in Europe would be around € 20 per month.

Dr. Skau is an idealist. She is concerned about the problem of malnourished children in the developing countries, and she is not comfortable with the fact that her boss wants to launch the product in rich part of the world. She would like to market the product to those who need it the most. As she stated "I am sure there are a small number of children in our part of the world who could benefit from the product, but it is not right for us to use our resources on the over-fed. We should instead use our resources on the under-fed children of the world."

Almhaug's response was: "It is easier to create a need here, where the buyers have money, than to create money in the third world where there is a need. We must have both a need and money in order to have demand". Ms. Skau realized he was right, but thought that maybe the Red Cross could buy some, and perhaps the United Nations....

Then they went back to their offices wondering what to do. There seem to be three possible markets: 1) malnourished children in the third world, who would benefit greatly from the formula 2) children in poor families in Central and Eastern Europe who may get a small benefit from the formula. 3) middle class children in Western Europe, whose mothers would get most of the benefit as they worry about the school performance of their children.

In each problem, you are asked to 1) present and 2) apply relevant theories from the material covered in lectures or readings.

Problem I:

Dr. Skau is an idealist with visions of a better world and Mr. Almhaug is a pragmatist, dedicated to his primary duty, which is to serve the interests of the share-holders. He does not want to have "idealism" as a part of the corporate culture if it means disappointed owners. "Idealism is not good for business," he says. Dr. Skau disagrees. Present and apply relevant theory as you discuss the dilemma from a stakeholder/ethical viewpoint.

Problem II:

Develop a marketing strategy for the firm aimed at EU customers and a strategy aimed at East African customers which may satisfy both the Mr. Almskog and Ms. Skau. Present and apply relevant theory using models from the course.

Problem III:

What market entry mode would you suggest that the firm uses in a developed country (e.g. in the E.U.) and what market entry mode would you recommend for a developing country (e.g. in Eastern Africa). Present and apply relevant theory.

Problem IV:

There is a problem of possible "grey marketing" in the dual strategies above. What is "grey marketing"? How might it affect the firm? What can you do to overcome the problem?