

6. Question **ONE** carries **30 MARKS** and the rest carry **10 MARKS** each.
7. **Write all your answers in the Examination answer booklet provided.**

QUESTION ONE

Read the Case Study below carefully and answer the questions that follow:

EXPANSION OF KIPEPEO NATURALS INTO THE ASIAN MARKET

Kipepeo Naturals, a mid-sized Kenyan firm specializing in organic skin and hair care products, has enjoyed significant local growth and regional expansion into East Africa. Driven by the rising global demand for sustainable beauty products, the company's leadership has initiated plans to enter the Asian market, particularly India and South Korea. A market research study revealed a growing interest in herbal-based skincare and a favorable regulatory environment for certified organic products. The firm's leadership team is currently debating between entering the market through direct exporting or forming strategic joint ventures with local distributors. Each approach has its risks and benefits concerning cost, control, and speed of market penetration.

As Kipepeo Naturals prepares for internationalization, they are also grappling with how to adapt their marketing mix to suit the cultural, economic, and consumer behavior dynamics of the new markets. While their Kenyan branding emphasizes tradition and community, Indian consumers value Ayurvedic alignment, and South Korean consumers focus on advanced science and aesthetic packaging. In response, the company has hired a cross-border marketing consultant to advise on packaging redesign, competitive pricing, culturally resonant promotional messaging, and selecting the most efficient distribution channels in densely populated urban areas.

The firm's decision to expand is also under scrutiny from both supporters and critics of multinational enterprises. Supporters argue that Kipepeo will promote African trade, create employment across supply chains, and increase Kenya's visibility in global markets. Critics, however, worry about the potential dilution of brand authenticity, foreign market exploitation, and overdependence on volatile foreign currency systems. As a relatively new player on the global stage, Kipepeo must balance its mission for sustainable African entrepreneurship with the economic and operational realities of international business.

Required:

- a)** Based on Kipepeo Naturals' expansion plan, analyze two principles underlying their internationalization strategy.

(5 Marks)

- b)** Recommend the most appropriate mode of entry (between direct exporting and joint ventures) for Kipepeo Naturals, justifying your answer with reference to the risks and benefits mentioned.

(5 Marks)

- c)** Discuss how Kipepeo Naturals can adapt its product and promotional strategies to meet the diverse preferences of Indian and South Korean consumers.

(5 Marks)

- d)** Evaluate two factors that could influence Kipepeo's pricing and distribution decisions in these new international markets.

(5 Marks)

- e)** Describe two roles Kipepeo Naturals may play as a multinational enterprise in promoting international trade and development.

(5 Marks)

- f)** Assess two potential criticisms that may arise from Kipepeo's expansion, and suggest how the company can respond to them ethically.

(5 Marks)

QUESTION TWO

- a) Explain the principle of "gradual internationalization" and critically assess how a Kenyan SME could apply this strategy when expanding into the East African market.

(5 Marks)

- b) Compare and contrast two international entry strategies suitable for service-based firms. Justify your answer with examples.

(5 Marks)

QUESTION THREE

- a) Critically analyze how Multinational Enterprises (MNEs) contribute positively to globalization in developing countries.

(5 Marks)

- b) You have been hired as a consultant for a Kenyan manufacturing firm planning to become a multinational. Discuss the role MNEs play in shaping host countries' economies and how this firm should prepare for similar influence.

(5 Marks)

QUESTION FOUR

- a) Evaluate three major environmental factors that Kenyan exporters must assess before entering the European Union market.

(5 Marks)

- b) Given Kenya's participation in international trade, discuss how government trade policies and international regulations influence market entry decisions by Kenyan firms.

(5 Marks)

QUESTION FIVE

- a)** Critically examine the key factors a company must consider before choosing between direct exporting and forming a joint venture when entering a foreign market.

(5 Marks)

- b)** Explain how international marketing research can be effectively used to determine the most viable entry strategy into an unfamiliar market.

(5 Marks)

QUESTION SIX

- a)** Using the 4Ps (Product, Price, Promotion, Place), analyze how a Kenyan tea-exporting company could adapt its marketing strategy when entering the Middle East market.

(5 Marks)

- b)** Critically assess two challenges a firm may face when adapting its pricing strategy for international markets. Suggest practical solutions.

(5 Marks)