

PGDM (IB) 2018-20
International Marketing
DM -432

Trimester – IV, End-Term Examination, September 2019

Time allowed: 2 Hrs 30 Min

Max Marks: 50

Roll No: _____

Instruction: Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means**. In case of rough work please use answer sheet.

SECTION A

Note: Attempt either Part A or Part B in each question

1. A] "With the globalization of production as well as markets, companies need to evaluate their international strategy." In light of this statement explain with the help of suitable examples how can companies adopt 3 A (Adaptation, Aggregation, Arbitrage) strategies for their benefit? What are challenges faced by companies? (CILO 1)

10 marks

OR

- B] Cultures around the world can be classified as Information Oriented and Relationship Oriented. Discuss the characteristics of each type and points to be kept in mind while doing business in each type of culture. (CILO 1)

10 marks

2. A] Assume that you are the VP-International Business of a leading automobile company of India. You know that there are opportunities in Europe as well as in Africa and you want to enter these markets. You have to decide on appropriate mode of market entry into each of these. Give reasons for selecting a particular mode. (CILO 2)

10 Marks

OR

- B] "Back translation is the technique most commonly used to check the accuracy of translation in survey research. Although it results in a direct or literal translation, it does not address issues of conceptual equivalence." In light of above statement discuss some of the problems of relying exclusively on back translation and suggest the alternative approach for translating questionnaires for international marketing research. (CILO 2)

10 Marks

3. A] You as Product Manager for International Market have to decide on the extent of standardization and adaptation in various components of following product categories required in US, Japan and African market. Give reasons to support your answer.

- a. Infant Food Formula
- b. Fast food Chain (CILO 3)

10 Marks

B] "Letter of Credit is considered to be the safest mode of payment in International Trade." Discuss the process of payment when Letter of Credit is used as method of payment, various types of L/Cs and risks associated with L/C for different parties involved in trade. (CILO 3)

10 Marks

SECTION B

Note: Case study A & B is compulsory (CILO 3)

20 Marks

Case study A

An importer in Singapore asks for a quotation for 5000 kg of almonds. You are an exporter in India. You have to take a decision on the amount to be quoted. Assume that the unit price is \$10 per kg, the total price for 5000 kg almonds would be \$ 50,000 for the goods alone.

If you quote	Price (\$)
EXW	51,000
FCA	51,300
FAS	52,150
FOB	52,325
CFR	53,550
CIF	53,950
DAT	54,275
DDP	57,275

Questions

1. How much does the exporter have to pay as sea freight charges from India to Singapore? Give Reasons
2. How much is the marine insurance? Give Reasons
3. What would be the landing charges in Singapore? Give Reasons
4. What kind of quotation would you prefer as an exporter? Give Reasons

12 Marks

Case Study 2

A sight payment L/C is issued for the amount of (not exceeding) \$ 50,000 allowing partial shipment, the beneficiary presented his first shipping docs for the amount of \$30,000 and was paid due to complying presentation.

2 days before expire date, the issuing bank received a second shipping documents for an amount of \$ 30,000 for payment (approval basis). Due to overdrawn, the applicant waived the discrepancy and instructed the issuing bank to notice the nominated bank and the beneficiary with the following:

- Documents of the second shipment are accepted. -L/C amount to be increased to \$75,000.
- Latest shipment date and expiry date are extended (where a third shipment can be made).

The beneficiary presented his 3rd shipping documents for an amount of \$ 25,000 during the new L/C validity. As no discrepancies were found, the nominated bank took them in compliance and sent them to the issuing bank after debiting the account of the issuing bank.

The issuing bank rejected the documents presented (within the 5 days) due to overdrawn the L/C amount, considering that the beneficiary presented documents for \$ 85, 000, whereas the L/C amount must not exceed \$ 75,000 after the amendment, and requested the nominated bank to reverse its entry.

The issuing bank argued that when the 2nd. Shipping documents were accepted the total amount of presentations reached \$ 60,000 then the L/C was amended to be \$ 75,000 so the beneficiary will only have a remaining balance of \$ 15,000.

The nominated bank argued that the \$ 10,000 overdrawn did not affect the L/C amount, because they were sent for payment, accordingly the L/C was amended to be \$ 75,000 instead of \$ 50,000 which enabled the beneficiary to present a 3rd shipping documents for \$ 25,000 dollar.

Which bank decision do you think is correct? Give reasons to support your answer

8 Marks