Register No.: .... Name.: ....

SAINTGITS COLLEGE OF ENGINEERING (AUTONOMOUS)

(AFFILIATED TO APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY, THIRUVANANTHAPURAM)

THIRD SEMESTER MBA DEGREE EXAMINATION (Regular), DECEMBER 2022
(2021 Scheme)

Course Code : 21MBA201

Course Name: International Business

Max. Marks : 60 **Duration: 3 Hours**

PART A

(Answer all questions. Each question carries 2 marks)

1. List out the reasons why companies are going for International Market.
2. Mention the meaning of Trade blocs
3. Give the meaning of international franchising
4. Write short note on GATT
5. Write the need for ethics in international business.

PART B

(Answer any 3 questions. Each question carries 10 marks)

6. Outline the political and economic environment of international business with suitable real time examples.
7. List and explain the types of Trade barriers in international business.
8. “The whole universe is a potential market for your products”. Discuss the various market entry strategies that need to be evolved to exploit this potential.
9. Briefly explain the reasons for adverse balance of payments situation in India.
10. Examine the factors affecting the FDI flow into developing countries.

PART C

(Compulsory question, the question carries 20 marks)

11. **Gillette Targets Emerging Markets**

As it entered the twenty-first century, Gillette faced a difficult choice. Should it continue targeting emerging markets or not? Its strategy to move aggressively into markets in the developing world and the former Soviet bloc had been hailed as a success only a few years before. Recent poor earnings, however, had management considering whether this choice had been a wise one.

The Boston-based firm was founded in 1895 and is still best known for its original products razors and razor blades. By the end of the twentieth century, Gillette had grown into a global corporation that marketed its products in 200 countries and employed 44000 people worldwide. About 1.2 billion people use Gillette products every day. Its sales are about equally distributed among the United States (30 percent, Western Europe (35 percent) and the rest of the world (35 per cent).

As markets matured in developing countries, Gillette sought growth through product diversification, moving into lines such as home permanents, disposable lighters, ballpoint pens, and batteries. In the mid-1990s, Gillette targeted several key emerging markets for growth. Among them were Russia, China, India and Poland.

Russia was already a success story. Russia had become Gillette's third-largest blade market. Gillette's move into the Czech Republic had prospered as well and in 1995 Gillette bought Astra, a local privately-owned razor blade company. Astra gave Gillette expanded brand presence in the Czech market. Astra's relatively strong position in export markets in East Europe, Africa and Southeast Asia proved a boon to Gillette in those markets as well. Just as in other markets in the developing world, 70 per cent of East European blade consumers used the older, lower-tech double-edge blade. In more developed markets, consumer appreciated product innovation and the shaving market had moved to more high-tech systems such as Gillette Sensors.

Then disaster struck. A financial crisis that began in Thailand quickly spread across Asia. Many wary investors responded by pulling money out of other emerging markets as well as depressing economies across the globe. Bad economies meant slower sales for Gillette, especially in Asia, Russia and Latin America. In Russia, wholesalers could not afford to buy Gillette products. Consequently, these products disappeared from retail stores and Gillette's Russian sales plummeted 80 per cent in a single month.

Gillette found it could not meet its projected annual profit growth of 15-20 per cet. The price of Gillette shares tumbled 36 per cent in 6 months. To save money, Gillette planned to close 14 factories and layoff 10 percent of its workforce.

Despite its recent bad experience in developing countries and in the former Soviet bloc, Gillette was still moving ahead with plant expansion plans in Russia and Argentina that would total $64 million. Some even suggested that this was a good time to expand in the emerging markets by buying up smaller competitors that had been hurt even worse by the crises. Meanwhile, back in the developed world, another large global consumer products firm, Unilever, announced that it would be entering the razor market.

a. Why do companies such as Gillette target emerging markets? Do you agree with this strategy? (5 Marks)
b. What are the dangers to Gillette of targeting emerging markets? (5 Marks)
c. Why would local, privately-owned companies like Astra want to sell out to companies like Gillette. Why are such companies' attractive acquisitions to multinational firms? (5 Marks)
d. What global strategy would you suggest for a company such as Gillette? Explain your choice . (5 Marks)

****