

Seat No.: \_\_\_\_\_

Enrolment No. \_\_\_\_\_

## GUJARAT TECHNOLOGICAL UNIVERSITY

MBA - SEMESTER- III EXAMINATION – WINTER 2020

**Subject Code:3539203**

**Date:04/01/2021**

**Subject Name:International Business (IB)**

**Time:10:30 AM TO 12.30 PM**

**Total Marks: 47**

**Instructions:**

1. Attempt any THREE questions from Q1 to Q6.
2. Q7 is compulsory.
3. Make suitable assumptions wherever necessary.
4. Figures to the right indicate full marks.

- Q.1 a)** Define the following terms: **06 Marks**
1. International business
  2. Economic integration
  3. Future market
- Q.1 b)** Define the following terms: **06 Marks**
4. Value chain
  5. Spillover effect
  6. JIT
- Q.2 a)** “All nations have their own constitutions”. Discuss the statement in the light of Political and Legal Business Environment **06 Marks**
- b)** What is an economy system? Explain different types of economy system and dimension of economic freedom index **06 Marks**
- Q.3 a)** Write a note on types of foreign exchange risk and how its exposure can be managed **06 Marks**
- b)** Elucidate the meaning of Balance of Payments and explain the methods to correct the disequilibrium in Balance of Payment **06 Marks**
- Q.4 a)** Explain the role of central bank, black market and exchange & interest rates in determining the Exchange rates. **06 Marks**
- b)** What are Hard and Soft Currencies? How do countries control foreign exchange convertibility? **06 Marks**
- Q.5 a)** What is global supply chain? Describe four key factors in global manufacturing Strategy. **06 Marks**
- b)** Today is the scenario wherein most of businessman in India are importing goods from China and selling in India. You are assigned a duty to promote ‘Make in India’ mission which type of marketing orientation can be used for **06 Marks**

making this mission true? Why?

**Q.6 a)** Write a note on e-commerce and its impact on international business **06 Marks**

**b)** How work motivation and Relationship preferences affects behavioral practices of the business **06 Marks**

**Q.7** **Read following case and answer the following questions:** **11 Marks**

**Case: New Distribution Initiatives at HLL**

This case analyses the distribution strategy of Hindustan Lever Limited (HLL), the 51.6% subsidiary of Unilever and the largest FMCG Company in India.

Traditionally HLL's distribution network consisted of wholesalers and retailers. HLL had presence in 80 lakhs retail outlets and there was 'one size fit for all' distribution strategy to serve all those outlets. But due to change in consumer demography, consumer behavior and market structure, the traditional distribution system failed to deliver the results.

Urban customers wanted products with unique, value added and customized offerings with convenient shopping.

Apart from this, emergence of rural market also forced HLL to change its distribution system.

HLL dealt with these two issues differently. For urban market it developed different distribution system cater to different type of customers. Along with this, it provided value added service, convenience and customized offering to urban customers. On the other hand, in rural markets, to increase brand awareness and product availability, it introduced alternative distribution systems. Through these changes, HLL brought its brands closer to customers. HLL's approach to distribution was holistic and developed a three-way convergence of product availability, brand communication and brand experience.

**Q.1** Draw a supply Chain network for HLL.

**Q.2** If you are handling distribution network then what types of distribution system you will design to reach rural and urban market and Why?

**OR**

**Case Study: Hilfiger Strategies**

**11 Marks**

The early success of the Hilfiger brand was largely due to two men, the U.S. designer Tommy Hilfiger and the Indian textile magnate Mohan Murjani. Sales success came quickly for the Hilfiger brand, but Murjani International faced financial problems. Mohan Murjani had many other brand names to manage and found it difficult to separate them. Tommy Hilfiger made some changes: moved their headquarters to Hong Kong went public on the New York Stock Exchange in 1982 in 2006, the Apex Partner Fund in London, that took the company private again and moved the headquarters from Hong Kong to the Netherlands. The expansion into Europe has been due largely to expansion problems in the United States, where clothing sales in general have growing at less than five percent per

year, much slower than in some foreign markets.

**Promotion and Branding:**

- Hilfiger’s promotion and branding have been so intertwined that it is almost impossible to separate them. At the beginning, Murjani saw two primary needs:

- convince stores to stock a new brand
- convince customers to want them

**Product and Price:**

- From the start, Hilfiger clothes have been casual and of good quality. Hilfiger line is very distinctive

- Hilfiger has encountered some negative reactions abroad to its image of being a U.S. brand

- Europeans tend to see France and Italy as the centers of up-scale fashions. Hilfiger has adjusted to European preferences by increasing production cost

**Distribution:**

- Hilfiger operates in three primary areas sectors:

Wholesale

Retail

licencing

- Hilfiger’s retail sector is carried out in two types of situations:

- Hilfiger uses licensing to expand its line
- Hilfiger’s licenses for production and sales in markets it cannot yet enter independently, such as Japan, the Middle East and South America

**The Future:**

- Future growth for Hilfiger depends both of expansion internationally and re-vamping slow growth in the United States

**Questions:**

1. What factors have led to higher prices in Europe than in the United States for Hilfiger merchandise? What problems might Hilfiger encounter by having higher prices in Europe than in the United States?

2. What strategies would you recommend for clothing companies outside France and Italy to overcome the positive images of “made in France” and “made in Italy?” What might Hilfiger do?

\*\*\*\*\*