2006 ANDHRA UNIVERSITY M.B.A DISTANCE EDUCATION MBA (DM)

INTERNATIONAL MARKETING

Time : 3 Hour
Marks :75

1 . Section A consists of EIGHT short answers questions. The candidate has to answer any FOUR questions. The answer shall not exceed I page each.

2. Section B consists of FOUR questions. Each question consists of either or choices and the candidate has to answer either (a) or (b) from each question. The answer shall not exceed 5 pages each.

3. Section C consists of case which is compulsory.

SECTION A (4 x 3 = 1 2 Marks)

1 . Write briefly on any FOUR of the following:

a) International marketing
b) International trade laws
c) Import substitution

d) Product extension in international marketing
e) Concepts of FTZs
f) Dumping

g) International market selection
h) Need of segmenting international markets

SECTION -B (4 x 12 =48 Marks)

2. a) 'Due to globalisation and privatisation of economies international marketing became a necessity for most of the domestic' firms'. Why?
OR
b) What are the appropriate international marketing strategies when the firm is exposed to multi-cultural environment?

3. a) Write the criteria of segmenting in international marketing.
OR
b) Write the constraints in international distribution and marketing research.

4. a) Explain the various import substitutional and export promotions.
OR
b) Explain various product strategies in international marketing.

5. a) Identify the way how the economic and social factors of importing countries influence on international marketing mix.
OR
b) How do you determine the liability of international markets through marketing research?

SECTION - C CASE STUDY (15 Marks)

6. Pricing for (No) Profit?

U.S. firms pioneered the semiconductor industry but soon found themselves under a great deal of pressure from Japanese competitors, American firms felt that the Japanese market was closed to them while they were undercut at home and elsewhere by Japanese firms' unfair and below-the-cost prices. Whatever the reason, American firms lost some $500 million over two years. Because of the Japanese firms' dumping of DRAMs (dynamic, random-access memory chips), they gained 78 percent ofthe U.S, market and, in the process, drove eleven of fourteen U,S, DRAM makers out of business. In the 1990s, Micron and Texas instruments are the only two American firms that sill manufacture DRAMs domestically; IBM Corp. primarily manufactures them for internal use.

Contending that Japan exported unemployment to the United State by dumping its chips, the United States was successful in forcing Japan to sign a five-year semiconductor trade agreement in 1986. The agreement required Japan to stop selling semiconductors at prices below cost.

The historic agreement soon turned sour. The United States accused Japanese manufacturers of continuing to dump their products elsewhere. In third countries such as Singapore. Japanese chips were available at low prices, and those chips found their way to the U.S. market. In its defense, Japan explained that it could not control all but major manufacturers. Also, it could not prevent gray-market dealers and brokers who. came to Japan and left with suitcases full of chips. The gray marketers' clients included American consumer product manufacturers.

The violation of the trade agreement led the - United States to impose penalties in 1987 against Japanese products. Tariffs of 100 percent Were imposed on a minimum of $135 million and up to $300 million of Japanese goods. The products singled out for sanction included all black-and-white and some color television sets, automobile tape players, blank tape, refrigerators, computers, cash registers, and communications satellites. The U.S. government claimed that there should be no major price Increases because the targeted products could be obtained from non-Japanese manufacturers, In reality it was inevitable that consumers had to pay more for Japanese electronics goods.

Japanese electronics companies seemed to face more hurdles than other Japanese companies. In addition to the phenomenal rise in the value of the yen, which made exports difficult, the electronics industry had other problems. Because ofthe dumping charges and subsequent agreement, the Japanese firms had to agree to export products at prices mandated by the U.S. Department of Commerce. The additional penalty duties resulting from the semiconductor violation worsened the situation even more.

Initially, Japanese electronics firms did not fare well and exports dropped a record 11 percent in 1986. Since then, the strong ones have become leaner and stronger.

In the early 1990s. it was South Korear firms' turn to be accused of dumping memory chips in the United States. The U.S. Department of Commerce ruled that Korean firms were illegally selling semiconductors for a fraction of their manufacturing cost. The number one DRAM-maker in the world, Samsung Electronic Co. was found to be selling its chips at 87 per-cent below cost (i.e.. selling a $10 chip for only $1.30). Gold star Co., likewise, was selling DRAMs at 52 per-cent below cost, while Hyundai Electronics Co. had a dumping margin of 6 percent. Not surprisingly, Korean firms' aggressive pricing enabled them to capture 20 percent of the. worldwide market for DRAMs. Thus, the U.S. government required them to post bonds and face duties ranging from 6 percent to 87 percent. A day after the Commerce Department's preliminary finding, prices for DRAMs surged by as much as 20 percent on the spot market. A month earlier. the European Community also imposed a 10.1 percent duty on Korean imports.

Questions

1. Does the U.S. government's action to force up the prices of semiconductors serve a useful purpose?

2. Should semiconductors be considered products or commodities? How does the classification affect the pricing of semiconductors?

3. How should Japanese electronics companies react to quotas and duties? What should be their pricing and other strategies!