

UNIVERSITY OF SWAZILAND
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION
SUPPLEMENTARY EXAMINATION 2014
FULL-TIME

TITLE OF PAPER : INTERNATIONAL MARKETING
COURSE : BA 323
DEGREE AND YEAR : BCOM 3
TIME ALLOWED : THREE (3) HOURS

INSTRUCTIONS:

1. THIS PAPER CONSISTS OF SECTION (A) AND (B)
2. SECTION (A) IS COMPULSORY
3. ANSWER ANY THREE (3) QUESTIONS FROM SECTION B
4. THE TOTAL NUMBER OF QUESTIONS IN THIS PAPER IS FIVE (5)

NOTE: MARKS WILL BE AWARDED FOR GOOD
COMMUNICATION IN ENGLISH AND FOR ORDERLY
PRESENTATION

THIS EXAMINATION PAPER SHOULD NOT BE OPENED UNTIL INVIGILATOR HAS
GRANTED PERMISSION

SECTION A (COMPULSORY)**READ THE FOLLOWING CASE AND ANSWER THE QUESTIONS BELOW****FURNITURE EXPORTS FROM CHINA**

Furniture imports are flooding into the United States from China. Ten years ago, a Chinese-made wooden table might have suffered from obvious flaws such as warped tops or loose legs.

Today, however, the situation is quite different: Chinese manufacturers are improving quality and offering designs that appeal to traditional American tastes in décor. These improvements have coincided with historically low mortgage rates in the United States; prior to the economic crisis, a record number of Americans were buying new homes or moving into bigger existing ones.

Many of these home buyers also bought new furniture, a fact that fuelled growth in the furniture market. To be sure, there are drawbacks to buying something made halfway around the world. Oceangoing container ships can encounter delays, and replacement parts can be hard to obtain if a piece breaks.

In the case of leather furniture, low prices may be due, in part, to lower quality leather or a narrower range of colour choices. However, China's low labour rates—a typical worker in a furniture factory earns monthly wages equivalent to about \$100—translate into reasonable prices that are attractive to budget-conscious American furniture shoppers. For example, some leather sofas from China are priced below \$1,000, hundreds less than pieces made in America or Europe.

In 2005, the U.S. Commerce Department determined that wooden bedroom furniture from China was being dumped; that is, sold at less than fair value. Tariffs ranging from 1 percent to more than 200 percent were imposed. The U.S. International Trade Commission estimates that, even with the antidumping duties, imports accounted for nearly 80 percent of all wooden bedroom furniture sold in the United States in 2009.

One reason is that some production has been shifted from China to Vietnam. Some Chinese companies make direct payments to U.S. competitors; in return, the Chinese companies get their names removed from the list of exporters that are subject to the duties.

Question 1

- a) Explain what anti-dumping duties are and then give reasons why the U.S. Commerce department imposed these tariffs on wooden bedroom furniture from China. (10 MARKS)
- b) What other government actions can the US Commerce Department impose to discourage imports? (20 MARKS)
- c) Explain why China is known as the world's factory shop? (10 MARKS)

SECTION B (ANSWER ANY THREE QUESTIONS)**QUESTION 2**

Discuss how you would enter the international market by evaluating the different market entry strategies. (20 MARKS)

QUESTION 3

The retail price of most products is usually higher in export markets than in domestic markets. Explain why? (20 MARKS)

QUESTIONS 4

Discuss the different cultural layers that can impact on marketing communication and provide examples for each. (20 MARKS)

QUESTIONS 5

Discuss some of the factors that lead to the establishment of an international division as an organization increases its global business activities. (20 MARKS)