

UNIVERSITY OF ESWATINI
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION
MAIN EXAMINATION
ACADEMIC YEAR 2019

TITLE OF PAPER: International Business

COURSE NUMBER: BUS 332

TIME ALLOWED: Three (3) hours

INSTRUCTIONS

1. THIS PAPER CONSISTS OF SECTION (A) AND (B)
2. THE CASE STUDY SECTION (A) IS COMPULSORY
3. ANSWER ANY **THREE** QUESTIONS FROM SECTION B

NOTE: You are reminded that in assessing your work, account will be given of the accuracy of language and the general quality of expression, together with the layout and presentation of your final answer.

THIS PAPER MUST NOT BE OPENED UNTIL THE INVIGILATOR HAS GRANTED PERMISSION.

SECTION A

Mr. Samuel Dlamini started an organic honey production business which has been successfully marketed in Eswatini. He has increased the business production capacity in order to try and penetrate export markets in neighboring regional countries of the Republic of South Africa (RSA) and Mozambique. In Eswatini, Mr. Thwala sold three products from the business, refined honey, raw honey and beeswax as a by-product. The honey sold in Eswatini is packed in plastic bottles and Mr. Dlamini has discovered that in Mozambique, the government has banned plastic packaging for health reasons. He also discovered that raw honey is not carried by South African supermarkets as the demand for it is low. Customers prefer refined honey. For an undeterminable reason, honey was also not very popular in the Gauteng townships, unlike in the suburbs where it had replaced sugar as a sweetener. In Eswatini, the raw honey laden combs are sold both in supermarkets and in the informal market by roadside sellers. It is consumed as a sweetener and also as a throat soother against throat infections caused by the flu virus.

The company logo which appeared in all products proudly includes a picture of the Eswatini flag and a Swati maiden attired in the reed dance traditional regalia, which provides minimal cover in her upper body and exposes her breasts. Preliminary market research indicated that this was unpalatable to some customers in the international market. If Mr. Dlamini wanted to sell in that market he would have change the company logo and labelling. The brand was very popular and loved in Eswatini for its distinctive local branding. Mr. Dlamini was in a quandary regarding the whether to change the logo or not.

Desk research also revealed that the price of honey in South Africa is regulated and limited to a stipulated maximum without differentiating between organic and non-organic honey. In Eswatini, premium prices are charged for organic honey. On the other hand, honey imports in Mozambique are subject to high import tariffs to protect that country's bee keeping industry. This compels Mr. Dlamini to charge high prices on his honey and makes the product less competitive in that country. Mr. Dlamini found that most honey producers sold their products directly to supermarkets and planned to do the same. Typically, he wanted to supply most if not all the supermarket outlets in the region but found it very difficult to get South African markets to carry his honey as he was an unknown element and they feared that he might not be consistent in supplying them. They believed that any Eswatini manufacturer could not have adequate capacity as the economy is microscopic compared to the RSA economy. He had to think of a more selective distribution strategy and narrow his vision to target a few outlets or think of a more direct distribution strategy. That required him to establish warehousing facilities and a distribution network in each of the selected market locations in the region, which was very expensive.

Questions

- (a) Analyse the product, price, place and promotion challenges that arise in the international market arena. Suggest strategies for Mr. Dlamini using the marketing mix to address them (20 marks)

(b) Mr. Dlamini clearly wants to explore the international market but has seemingly not made a comprehensive assessment of the said market, Describe the steps he needs to take in doing so. (20 marks)

SECTION B

Question 1

Most countries do not permit free movement of goods into their countries but impose some form of trade barriers such as tax tariffs, quotas etc. Discuss the reasons for countries to impose trade barriers and debate their usefulness. (20 marks)

Question 2

Identify and summarize the generally observable global consumer behavioral trends and discuss their implications to international businesses (20 marks)

Question 3

International payments for goods and services exchanged is somewhat complex due to the time lag in the delivery of goods. Special methods of payment may be necessary. Discuss these methods of payments. (20 marks)

Question 4

International business regulatory institutions and instruments at the are now globally accepted and a significant number of countries adhere to the standards they put in place. Discuss the purpose of these institutions and the punitive measures that are faced by countries that fail to conform to the regulations and standards enacted by the institutions. (20 marks)