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**ZIMBABWE EZEKIEL GUTI UNIVERSITY**

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**FACULTY OF BUSINESS, ECONOMICS AND ACCOUNTING**

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**DEPARTMENT OF ECONOMICS AND BUSINESS SCIENCES**

**EXAMINATION PAPER**

<b>COURSE CODE</b>	:	CMA403
<b>COURSE TITLE</b>	:	International marketing
<b>DURATION</b>	:	3 Hours
<b>DATE</b>	:	<b>24 September 2020(0900- 1200)</b>

**INSTRUCTIONS TO CANDIDATES:**

1. No cell phones are allowed in the examination venue.
2. Answer any **FOUR (4)** questions
3. Begin each question on a new page.
4. The number of marks for each question or part question is shown in brackets [ ]

## SECTION A

### Case study

#### TRADE BARRIERS—AN INTERNATIONAL MARKETER’S MINEFIELD

We all know the story about U.S. trade disputes with Japan. Japan has so many trade barriers and high tariffs that U.S. manufacturers are unable to sell in Japan as much as Japanese companies sell in the United States. The Japanese claim that “unique” Japanese snow requires skis made in Japan, and U.S. baseballs are not good enough for Japanese baseball. Even when Japan opened its rice market, popular California rice had to be mixed and sold with inferior grades of Japanese rice. And, at this writing, the Japanese government continues to exclude American beef from the Japanese diet based on disputes about mad cow disease. However, the Japanese are not alone; every country seems to take advantage of the open U.S. market while putting barriers in the way of U.S. exports. The French, for example, protect their film and broadcast industry from foreign competition by limiting the number of American shows that can appear on television, the percentage of American songs broadcast on radio, and the proportion of U.S. movies that can be shown in French theaters. Most recently, France launched its own “French” version of CNN with strong government financial support. Not only do these barriers and high tariffs limit how much U.S. companies can sell, they also raise prices for imported products much higher than they sell for in the United States. Another trade protection tactic even involved Britain’s Supreme Court of Judicature, which has finally answered a question that has long puzzled late-night dorm-room snackers: What, exactly, is a Pringle? With citations ranging from Baroness Hale of Richmond to Oliver Wendell Holmes, Lord Justice Robin Jacob concluded that legally it is a potato chip. The decision is bad news for Procter & Gamble U.K., which now owes \$160 million in value-added taxes to the state. It is thus good news for Her Majesty’s Revenue and Customs—and for fans of no-nonsense legal opinions. It is also a reminder, as conservatives in the United States attack Justice Sonia Sotomayor for not being a “strict constructionist,” of the pointlessness of such labels. In Britain, most foods are exempt from the value-added tax (VAT), but potato chips (known there as crisps) and “similar products made from the potato, or from potato flour” are taxable. Procter & Gamble, in what could be considered a strict constructionist plea, argued that Pringles are about 40 percent potato flour but also contain corn, rice, and wheat and therefore should not be considered potato chips or “similar products.” Rather, they are “savory snacks.” The VAT and Duties Tribunal disagreed, ruling that Pringles, marketed in the United States as “potato chips,” are taxable. “There are other ingredients,” the Tribunal agreed, but a Pringle is “made from potato flour in the sense that one cannot say that it is not made from potato flour, and the proportion of potato flour is significant being over 40 percent.

Sources: Adapted from Todd G. Buchholz, “Free Trade Keeps Prices Down,” *Consumers’ Research Magazine*, October 1995, p. 22; Tomas Kellner, “What Gaul!” *Forbes*, April 28, 2003, p. 52; Jonathan Lynn, “WTO Negotiators to Tackle Obstacles to Farm Deal,” *Reuters News*, January 3, 2008; Adam Cohen, “The Lord Justice Hath Ruled: Pringles Are Potato Chips,” *The New York Times*, June 1, 2009

### **Question 1**

- a. Briefly outline the barriers to international marketing outlined in the case. **[10 marks]**
  - b. As an international marketer for Procter & Gamble (USA based company) what is the best way of doing business with a country like Japan? **[10 marks]**
  - c. Advise Procter & Gamble UK the way forward. **[5 marks]**
- [Total 25 marks]**

## **SECTION B**

### **Question 2**

Using examples, examine the reasons why some marketing strategies fail in international markets. **[Total 25 marks]**

### **Question 3**

- a. Using suitable examples outline any 5 decision criteria for mode of entry in international marketing. **[10marks]**
  - b. Briefly outline the 5 Hofstede's dimensions of culture which affect decision making in international marketing. **[15 marks]**
- [Total 25 marks]**

### **Question 4**

- a. Define the following terms;
- i. International marketing [2 marks]
  - ii. Controllable elements [2 marks]
  - iii. Uncontrollable elements [2 marks]
  - iv. Domestic environment [2 marks]
  - v. Self-reference criterion (SRC) [2 marks]
- b. What impact does 'Country-of-Origin' have on consumers' choice of products? [5 marks]
- c. Giving relevant examples, advise an international marketer 5 methods to use when setting international marketing advertising budgets. [10 marks]
- [Total 25 marks]**

### **Question 5**

Using suitable examples, discuss the impact of Free Trade Zones to a country like Zimbabwe.

**[Total 25 marks]**

**End of paper**