**International Business**

**September 2022 Examination**

**Q1.“Globalization is the interdependence and integration of the global economy to enhance the worldwide exchange of capital, goods and services.” – In the light of above statement analyze advantages and disadvantages of Globalization. (10 Marks)**

**Ans 1.**

**Introduction:**

The fusion of financial and cultural systems is what propels globalization, also called as globalization in some places of the globe. The method of globalization is how concepts, technology, expertise, products, and activities go across national and international borders. The phrase is used in the business world to refer to linked economies characterized by trade liberalization, the free movement of capital across nations, and simple access to international resources, especially labor markets, in order to maximize profits and advantage for the general welfare. Countries specialize in the goods and services where they have a strategic advantage in a

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**Q2. “Payment instruments are the documents needed to fulfil formalities and legal requirements of a contract between an exporter and importer” – In context of above statement explain about various payment options used in International Business. Also, explain different types of Letters of Credit. (10 Marks)**

**Ans 2.**

**Introduction:**

International commerce involves a range of risks, which raises issues about the timeliness of transactions between both the exporter i.e. seller and the importer i.e. foreign buyer. Payment terms are the requirements that international commercial parties have agreed on in order to finalize payment. They are sometimes known to as the payment options that exporters and importers can use to finish their trade contracts. The payment schedule includes a wide range of crucial trade-related concerns. These compromise whether payment will be made prior to delivery, who owns

**Q3. Gillette Targets Emerging Markets’**

**As it entered the twenty-first century, Gillette faced a difficult choice. Should it continue targeting emerging markets or not? Its strategy to move aggressively into markets in the developing world and the former Soviet bloc had been hailed as a success only a few years before. Recent poor earnings, however, had management considering whether this choice had been a wise one.**

**The Boston-based firm was founded in 1895 and is still best known for its original products, razors and razor blades. By the end of the twentieth century, Gillette had grown into a global corporation that marketed. its products in 200 countries and employed 44,000 people worldwide. About 1.2 billion people use Gillette products every day. Its sales are about equally distributed among the United States (30 per cent), Western Europe (35 per cent), and the rest of the world (35 per cent).**

**As markets matured in developing countries, Gillette sought growth through product diversification, moving into lines such as home permanents, disposable lighters, ballpoint pens, and batteries. In the mid-1990s, Gillette targeted several key emerging markets for growth. Among them were Russia, China, India and Poland.**

**Russia was already a success story. Gillette had formed a Russian joint venture in St.Petersburg and within 3 years, Russia had become Gillette’s third-largest blade market.**

**Gillette’s move into the Czech Republic had prospered as well and in 1995 Gillette bought Astra,**

**a 10caI; privately-owned razor blade company. Astra gave Gillette expanded brand presence in the Czech market. Astra’s relatively strong position in export markets in East Europe, Africa and Southeast Asia proved a boon to Gillette in those markets as well. Jus.t as in other markets in the developing world, 70 per cent of East European blade .consumers used the older, lower-tech double-edge blade. In more developed markets, consumers appreciated product innovation and the shaving market had moved to more high-tech systems such as Gillettes Sensor.)**

**Then disaster struck. A financial crisis that began in Thailand quickly spread across Asia. Many wary investors responded by pulling money out of other emerging markets as well as depressing economies across the globe. Bad economies meant slower sales for Gillette, especially in Asia, Russia and Latin America. In Russia, wholesalers could not afford to buy Gillette products. Consequently, these products disappeared from retail stores and Gillette’s Russian sales plummeted 80 per cent in a single month.**

**Gillette found it could not meet its projected annual profit growth of 15-20 per cent. The price of Gillette shares tumbled 36 per cent in 6 months. To save money, Gillette planned to close 14 factories and layoff 10 per cent of its workforce.**

**Despite its recent bad experience in developing countries and in the former Soviet bloc, Gillette was still moving ahead with plant expansion plans in Russia and Argentina that would total $64 million. Some even suggested that this was a good time to expand in the emerging markets by buying up smaller competitors that had been hurt even worse by the crises. Meanwhile, back in the developed world, another large global consumer products firm, Unilever, announced that it would be entering the razor market.**

**a. Why do companies such as Gillette target emerging markets? Do you agree with this strategy? (5 Marks)**

**Ans 3 a.**

**Introduction:**

Emerging markets are countries that are increasing their production capability. They are shifting away from conventional economies focused on agriculture and raw commodity exports. Leaders in emerging nations aim to improve the standard of living for their citizens. They are fast industrialising and transitioning to either a free market or a mixed economy. They are also referred to as emerging economies or developing countries. "Emerging markets" refers to an economy that has had significant economic growth and has some, though not all, of

**b. What are the dangers to Gillette of targeting emerging markets? (5 Marks)**

**Ans 3 b.**

**Introduction:**

An economy that is developing into a mature planned economy is called as an emerging market economy. Emerging market economies are currently industrialising and frequently have a single currency, equity markets, and financial system. Due to their quick expansion, emerging market economies may provide investors with higher returns. It has a developed