

UNIVERSITE PARIS 1 PANTHEON-SORBONNE

UFR 06 / SGEL

LICENCE DE GESTION ET ECONOMIE D'ENTREPRISE, Semestre 4

Partiel d'anglais appliqué à la gestion

Enseignant responsable : J.T. Pindi, MCF

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Durée : 2 heures

Sujet rédigé en collaboration avec mademoiselle Delphine Zafrá, chargée de cours

No documents allowed. Write your answers on the official answer sheets provided.

PART 1: Reading Comprehension

Read the text below entitled "*Sell now, pay later*" and address the ensuing vocabulary and comprehension exercises.

Sell now, pay later

NINJUU NARANG, a middle-aged cloth manufacturer and wholesaler from Gujarat, is in a cheerful mood. Last month he sold saris worth \$20,000 in just 10 days on Snapdeal.com, a Delhi-based daily-deal and e-commerce portal. Every morning he wakes up to a consolidated list of customer orders in an e-mail from Snapdeal. Later that night the consignment is dispatched in a truck which trundles along for one-and-a-half days, covering over 1,000km (about 600 miles) before reaching Snapdeal's warehouse in Gurgaon, a flourishing industrial belt in North India. From here the saris are couriered to consumers across the country. Snapdeal earns a hefty commission on such deals and Mr Narang now sells to scores of customers he has never met, a first in his family's three decades in the trade.

Selling online has not always been this easy. In 1999 K Vaitheeswaran founded Fabmart.com (now IndiaPlaza), India's first e-commerce site. Back then only a small fraction of the 3m internet users transacted online. Halting dial-up connections and text-only browsing were not cut out for navigating complex payment gateways. Few Indians held credit cards and fewer still were keen on disclosing their card details. Nowadays more than 100m surf the web. Close to 30m scour for bargains online, and the number which grows by 1.5m every month. The industry is worth around \$10 billion, though travel-ticket sales alone accounted for \$8.4 billion last year.

Little wonder, then, that in 2011 investors ploughed more than \$450m into Indian e-commerce. Flipkart, India's largest online store by revenue has so far raised \$31m since it was founded in 2007 and employs more than 5,000 people. With average daily sales of \$500,000, the company aims to hit \$1 billion by 2014-15. Last December Ambareesh Murty, an erstwhile e-Bay executive, used a seed fund of \$5m to launch Pepperfry.com, which sells lifestyle products. In February Amazon debuted in India through Jungle.com, a product-comparison website which aggregates information from different e-commerce sites. In just two years Snapdeal's venture capital (VC) backers have stumped up \$52m. Myntra, a popular seller of fashion products, has managed to tap investors for \$40m since its launch in 2007.

It is only natural that the industry should flourish. Indians are young—almost half of them are

under 25—and growing richer. Its income per capita has risen by 12% between 2008 and 2011, to \$1,500. The International Monetary Fund reckons it will reach \$2,300 by 2016. With more money to spend, city-dwellers lap up online discounts. Nor is the trend confined to the biggest urban centres. Roughly a third of all products sold online are shipped to cities with population of 3m or less. Many of them lack supermarkets and other big retailers. The internet offers better deals and a wider variety of goods to choose from.

There are problems. “Inventory based e-commerce in India is extremely capital inefficient,” says Avnish Bajaj, boss of Matrix partners, a VC firm. According to his calculations, in India, stocking inventory for 60 to 90 days with an annual sales target of \$200m requires working capital of about \$40m-50m. Banks are reluctant to lend to companies with untested business models, so almost all of it is being financed by fickle equity.

Revenue models look shaky. To secure repeat business, most portals offer incredibly low prices, payment by cash on delivery and, nearly always, free shipping. Consumers love it but companies are scratching around for ways to shed the operational burden. Ironically, the very things that have propelled e-commerce in India could lead to its downfall. When Mahesh Murthy, the boss of Pinstorm, a digital marketing firm, and investor in a few e-commerce companies, purchased a mobile phone online recently, he discovered two invoices in the parcel: one for 28,000 rupees (\$530), which is what he paid, and another for 30,500 rupees, which is what the seller apparently paid to his supplier. Such price competition takes its toll. One firm, taggle.com, shut up shop in December citing its unwillingness to “burn a lot of investor money” to outlast rivals.

Companies that do best have diversified and focused on customer support. Last month Flipkart struck deals with record labels and introduced a digital-music store which offers songs in over 55 languages. A dedicated customer-service team trawls social networks and consumer forums to address complaints. The company only offers free shipping for purchases exceeding 200 rupees, something Western online sellers do routinely. It was also the first to introduce a 30-day replacement guarantee on all products. “We don't compete on price,” says Binny Bansal, the company's co-founder.

Competition is fierce, but there are already signs of consolidation. In February Flipkart bought Letsbuy, a rival firm, for \$20m. On April 3rd Snapdeal acquired Esportsbuy.com, an online retailer of sports and fitness equipment, reportedly for between \$10m and \$15m. There is certainly room for growth. E-commerce accounts for just 0.12% of all retail sales in India, compared with over 4% in China and America. But expect growing pains. Even Flipkart, arguably the most successful online retailer, has yet to turn a profit.

The Economist, April 25th 2012

A. Vocabulary

I. Find the word or short phrase in the text, which corresponds to the definition below. Give the paragraph and line number. (1.25 points)

- 1) Deductions in prices made in advance of payment:
- 2) Cash available for the day-to-day operations of a business organisation:
- 3) Payment method in which ordered goods are carried to the buyer's place but handed over only upon full payment:
- 4) Lists showing the quantities, prices, delivery and payment terms of goods and services issued by a seller to a buyer:
- 5) Moved into new markets or activities in order to grow or reduce risks:

II. Find a synonym in the text for the words that are underlined in the sentences below. Give the paragraph and line number. (1.25 points)

- 1) Mr Narang now sells to scores of customers he has never met:
- 2) Later that night the consignment is dispatched in a truck:
- 3) To secure repeat business, most portals offer incredibly low prices:
- 4) The trend is not confined to the biggest urban centres either:
- 5) In February Flipkart bought Letsbuy, a rival firm, for \$20 m:

III. Define or explain the meaning of the following words as used in the text. (2.5 points)

- 1) Wholesaler (paragraph 1, line 1):
- 2) Retailers (paragraph 4, line 6):
- 3) Inventory (paragraph 5, line 3):
- 4) Supplier (paragraph 6, line 8):
- 5) Growth (paragraph 8, line 4):

B. Comprehension (5 points)

Say whether the following statements are true (T) or false (F). Justify your answer with a quote from the text.

1. Ninjuu Narang is a wholesaler from Delhi. (T/F)
2. Snapdeals earns a lot of money in doing business with Mr. Narang. (T/F)
3. IndiaPlaza is the pioneer of e-commerce in India. (T/F)
4. e-Bay was able to enter the Indian online market through Junglee.com. (T/F)
5. Online orders in India can be delivered to you only if you live in a large city. (T/F)
6. Most sellers on the Internet guarantee free delivery to ensure that existing customers keep buying from them. (T/F)
7. The most successful companies are those adapting their offers to changes in customer needs. (T/F)
8. Flipkart is a music seller with a physical store. (T/F)
9. In 2012, Flipkart managed to takeover one of its main competitors. (T/F)
10. Even though they are blossoming, some of India's e-commerce retailers are not profitable yet. (T/F)

PART 2: Grammar (5 points)

I. Choose the correct tense that completes each of the following sentences.

- 1) In 1999, only a very small proportion of the population *made / have made / have been making* a purchase online in India.
- 2) The number of people possessing a credit card *increased / has increased / has been increasing* over the past two decades and it still is.
- 3) Last December, Mr. Murty *launched / has launched / has been launching* Pepperfry.com
- 4) Flipkart *applied / has applied/ has been applying* similar business methods to Western online companies.
- 5) Taggle.com *went / has gone / has been going* bankrupt last December.

II. Complete the sentences below choosing between *few, a few, little, a little, much* or *many*

- 1) companies have been developing online commerce in India.
- 2) Only profit has been made so far, the process takes time.
- 3) Despite an impressive growth, online sellers are already closing down.
- 4) When Internet started spreading, households in India were equipped.
- 5) work is necessary to improve inventory management.

PART 3: Essay writing (5 points)

In a minimum of 250 words or a maximum of 300, discuss this quote from the text:

“Ironically, the very things that have propelled e-commerce in India could lead to its downfall”.

Identify the problems Indian online companies are facing and suggest solutions that could help solve them.

You will be marked on the substance of your arguments as well as on the standard of your English. Please provide your word count at the end of the essay.

Key to answers and guidelines for marking

Part 1: Reading Comprehension

A. Vocabulary (5 points)

I. Reversed definitions (1.25 points)

Answers

1. Discounts (paragraph 4, line 4)
2. Working capital (paragraph 5, line 4)
3. Cash on delivery (paragraph 6, line 2)
4. Invoices (paragraph 6, line 6)
5. Diversified (paragraph 7, line 1)

Marking

0.25 point for a correct answer with text reference. Nothing to be awarded if otherwise.

II. Synonyms (1.25 points)

Answers:

1. Consumers (paragraph 1, line 7)
2. Shipped (paragraph 4, line 5); couriered (paragraph 1, line 7)
3. Gateways (paragraph 2, line 4)
4. Cities (paragraph 4, line 5)
5. Acquired (last paragraph, line 2); purchased (paragraph 6, line 6)

Marking:

0.25 point for a correct answer with text reference. Nothing to be awarded if otherwise.

III. Definitions (2.5 points)

Answers

1. *Wholesaler*: person or firm that buys large quantities of goods from various producers or vendors, warehouses them, and resells them to retailers.
2. *Retailers*: individuals or companies selling products in small units directly to the final consumer.
3. *Inventory*: stock of materials and goods that an organization holds.

4. *Supplier*: private individual or company providing resources of all kinds to other companies.

5. *Growth*: company expansion or an increase in the scale of business.

Marking

0.5 point for a correctly written definition or explanation. 0.25 point if the answer is good but is delivered in a sentence with spelling mistakes. Nothing to be awarded if otherwise.

C: Comprehension (5 points)

Answers

1. False. He is a wholesaler from Gujarat. (paragraph 1, line 1)
2. True. Snapdeals earns hefty commissions on such deals. (paragraph 1, line 8)
3. False. It was the defunct Fabmart.com. (paragraph 2, line 1)
4. False. It was Amazon that gained entry to the Indian market through Junglee.com. (paragraph 3, line 6)
5. False. Roughly a third of all products sold online are shipped to cities with a population of 3m or less. (paragraph 4, line 5)
6. True. To secure repeat business, most portals offer incredibly low prices, payment by cash on delivery and, nearly always, free shipping. (paragraph 6, lines 1&2)
7. True. Companies that do best have diversified and focused on customer support. (paragraph 7, line 1)
8. False. Flipkart has a digital-music store. (paragraph 7, line 2)
9. True. In February Flipkart bought Letsbuy, a rival firm, for \$20m. (last paragraph, line 2)
10. True. Even Flipkart, arguably the most successful online retailer, has yet to turn a profit. (last paragraph, last line)

Marking

0.5 point for a good answer with justification. 0.25 point for a good answer without justification. Nothing to be awarded if otherwise.

PART 2: Grammar (5 points)

Answers

I. Tenses

1. Made
2. Has been increasing
3. launched
4. Has applied
5. Went

II. Quantifiers

1. Many 2. Little 3. A few 4. Few 5. Much

Marking

0.5 point for a correct choice. Nothing to be awarded otherwise.

Part 3: Essay Writing (1+4= 5 points)

Marking

First, please award 1 point as a bonus for requisite length. Nothing to be awarded, nor any penalty point to be deducted for inadequate or excess length.

- Then, please read, correct and comment the discussion and score as follows:

Up to 2 points to be awarded for satisfactory substance.

Up to 2 points to be awarded for the standard of English.

Please note that *up to* means that you should feel free to award less if warranted.