

Global Marketing, 10e, Global Edition (Green/Keegan)

Chapter 1 Introduction to Global Marketing

1) The global market development strategy involves:

- A) creating new product offerings to a new country.
- B) seeking new customers in a geographical market.
- C) creating new service offerings targeting a new region.
- D) creating new products for a new country.
- E) seeking new customers targeting a new segment.

Answer: B

Difficulty: 2: Moderate

Chapter LO: 1.1: Use the product/market growth matrix to explain the various ways a company can expand globally.

AACSB: Application of knowledge

2) In global markets, Starbucks is a good example of simultaneously executing all of the growth strategies *except*:

- A) market penetration.
- B) market development.
- C) product development.
- D) market orientation.
- E) diversification.

Answer: D

Difficulty: 2: Moderate

Chapter LO: 1.1: Use the product/market growth matrix to explain the various ways a company can expand globally.

AACSB: Application of knowledge

3) Starbucks dropped the word "Coffee" from its logo. This is an example of:

- A) standardization.
- B) adaptation.
- C) diversification.
- D) automation.
- E) modernization.

Answer: C

Difficulty: 2: Moderate

Chapter LO: 1.1: Use the product/market growth matrix to explain the various ways a company can expand globally.

AACSB: Application of knowledge

4) McDonald's developed a vegetarian burger in India. This is an example of:

- A) market penetration.
- B) market development.
- C) market diversification.
- D) product development.
- E) product diversification

Answer: D

Difficulty: 2: Moderate

Chapter LO: 1.1: Use the product/market growth matrix to explain the various ways a company can expand globally.

AACSB: Application of knowledge

5) A fundamental difference between regular marketing and global marketing is the:

- A) lack of marketing mix.
- B) scope of activities.
- C) lack of strategic planning.
- D) focus on resources.
- E) lack of communication.

Answer: B

Difficulty: 2: Moderate

Chapter LO: 1.1: Use the product/market growth matrix to explain the various ways a company can expand globally.

AACSB: Application of knowledge

6) Starbucks is entering Italy in 2018, starting with a 25,000-square-foot flagship Reserve Roastery in Milan. This is an example of:

- A) market development.
- B) product development.
- C) diversification.
- D) market penetration.
- E) service diversification.

Answer: A

Difficulty: 2: Moderate

Chapter LO: 1.1: Use the product/market growth matrix to explain the various ways a company can expand globally.

AACSB: Application of knowledge

7) Companies doing business in China must take extra care to protect knockoffs.

Answer: TRUE

Difficulty: 1: Easy

Chapter LO: 1.1: Use the product/market growth matrix to explain the various ways a company can expand globally.

AACSB: Application of knowledge

8) Four decades ago, the phrase *global marketing* did not exist.

Answer: TRUE

Difficulty: 1: Easy

Chapter LO: 1.1: Use the product/market growth matrix to explain the various ways a company can expand globally.

AACSB: Application of knowledge

9) A critical reason why companies need to take global marketing seriously is survival.

Answer: TRUE

Difficulty: 2: Moderate

Chapter LO: 1.1: Use the product/market growth matrix to explain the various ways a company can expand globally.

AACSB: Application of knowledge

10) A fundamental difference between regular marketing and global marketing is the scope of activities.

Answer: TRUE

Difficulty: 1: Easy

Chapter LO: 1.1: Use the product/market growth matrix to explain the various ways a company can expand globally.

AACSB: Application of knowledge

11) Starbucks offers a loyalty card and rewards program in the United States with an app that displays a bar code that can be scanned by the customer. This is an example of market development.

Answer: FALSE

Difficulty: 2: Moderate

Chapter LO: 1.1: Use the product/market growth matrix to explain the various ways a company can expand globally.

AACSB: Analytical thinking

12) If Nestlé decides not to market biscuits (cookies) in the United States due to competitive reasons, it is considered to have a lack of strategic focus and missed opportunity.

Answer: FALSE

Difficulty: 2: Moderate

Chapter LO: 1.1: Use the product/market growth matrix to explain the various ways a company can expand globally.

AACSB: Analytical thinking

13) What is "global marketing" and how does it differ from "regular marketing"? Give examples of at least one major corporation that explains these differences.

Answer: Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers. An organization that engages in global marketing focuses its resources and competencies on global market opportunities and threats. A fundamental difference between "regular marketing" and "global marketing" is the scope of activities. A company that engages in global marketing conducts important business activities outside the home-country market. For example, as Walmart expands into Guatemala and other Central America countries, it is implementing a market development strategy.

Difficulty: 2: Moderate

Chapter LO: 1.1: Use the product/market growth matrix to explain the various ways a company can expand globally.

AACSB: Application of knowledge

14) Why do some of the world's biggest, most successful companies stumble while pursuing global opportunities? Give examples in support of your answer.

Answer: Store locations, pricing, customer preferences, convenience, and unfamiliarity can cause successful companies to fail or not perform well in global markets. Walmart's exit from the German market was due to the fact that German shoppers could find lower prices at "hard discounters" such as Aldi and Lidl. UK-based Tesco's attempts to enter the US market with its Fresh & Easy stores failed, in part, because US consumers were unfamiliar with the private-label goods that made up much of the merchandise stock. American "cheap chic" retailer Target terminated in Canada due to missteps in store location and pricing.

Difficulty: 2: Moderate

Chapter LO: 1.1: Use the product/market growth matrix to explain the various ways a company can expand globally.

AACSB: Application of knowledge

15) The essence of marketing worldwide is to surpass the competition in creating perceived value, which can be represented as:

- A) $\text{Value} = \text{Price} / \text{Benefits}$.
- B) $\text{Value} = \text{Benefits} / \text{Price}$.
- C) $\text{Value} = \text{Benefits} \times \text{Price}$.
- D) $\text{Value} = \text{Benefits} - \text{Price}$.
- E) $\text{Value} = \text{Benefits} + \text{Price}$.

Answer: B

Difficulty: 3: Challenging

Chapter LO: 1.2: Describe how companies in global industries pursue competitive advantage.

AACSB: Analytical thinking

16) Starbucks entered India via an alliance with the Tata Group. This is an example of "market penetration."

Answer: FALSE

Difficulty: 2: Moderate

Chapter LO: 1.2: Describe how companies in global industries pursue competitive advantage.

AACSB: Analytical thinking

17) Nike dropped its well-known tag line "Just do it" in advertising women's clothing in Europe and replaced it with slogan "Here I am" since college-age women in Europe are not as competitive about sports as men are.

Answer: TRUE

Difficulty: 2: Moderate

Chapter LO: 1.2: Describe how companies in global industries pursue competitive advantage.

AACSB: Analytical thinking

18) The essence of marketing is to surpass the competition at the task of creating perceived value.

Answer: TRUE

Difficulty: 2: Moderate

Chapter LO: 1.2: Describe how companies in global industries pursue competitive advantage.

AACSB: Application of knowledge

19) The value equation is represented as $\text{Value} = \text{Price}/\text{Benefits}$.

Answer: FALSE

Difficulty: 2: Moderate

Chapter LO: 1.2: Describe how companies in global industries pursue competitive advantage.

AACSB: Application of knowledge

20) McDonald's global marketing strategy is based primarily on local marketing mix elements.

Answer: FALSE

Difficulty: 2: Moderate

Chapter LO: 1.2: Describe how companies in global industries pursue competitive advantage.

AACSB: Analytical thinking

21) Nonmonetary costs do not factor into the equation of value, which is represented by the equation $\text{Value} = \text{Benefits}/\text{Price}$.

Answer: FALSE

Difficulty: 2: Moderate

Chapter LO: 1.2: Describe how companies in global industries pursue competitive advantage.

AACSB: Application of knowledge

22) Tang drink powder became a \$1 billion brand as regional managers in the Middle East added popular flavors like mango and pineapple.

Answer: TRUE

Difficulty: 1: Easy

Chapter LO: 1.2: Describe how companies in global industries pursue competitive advantage.

AACSB: Application of knowledge

23) When a company succeeds in creating more value for customers than its competitors do, that company is said to enjoy competitive advantage.

Answer: TRUE

Difficulty: 3: Challenging

Chapter LO: 1.2: Describe how companies in global industries pursue competitive advantage.

AACSB: Application of knowledge

24) The transformation of formerly local or national industries into global ones is part of a broader economic process of globalization.

Answer: TRUE

Difficulty: 3: Challenging

Chapter LO: 1.2: Describe how companies in global industries pursue competitive advantage.

AACSB: Application of knowledge

25) The National Football League (NFL) promotes American football in the United Kingdom by draping banners every fall over London's Regent Street to create awareness of the games.

Answer: TRUE

Difficulty: 3: Challenging

Chapter LO: 1.2: Describe how companies in global industries pursue competitive advantage.

AACSB: Application of knowledge

26) Explain, with examples, the benefits of competitive advantage and show how globalization presents companies with unprecedented opportunities.

Answer: When a company succeeds in creating more value for customers than its competitors, that company is said to enjoy "competitive advantage." It is measured relative to rivals in a given industry. For example, Coca-Cola and Pepsi are trying to maintain a competitive advantage in global markets. Globalization presents companies with unprecedented opportunities as well as challenges. Achieving competitive advantage in a global industry requires executives and managers to maintain a well-defined strategic focus. Globalization provides companies with opportunities to develop new products, get new ideas, develop markets, expand brand recognition, and eventually profits.

Difficulty: 2: Moderate

Chapter LO: 1.2: Describe how companies in global industries pursue competitive advantage.

AACSB: Application of knowledge

27) The dimensions of global marketing strategy include all of the following *except*:

A) concentration of marketing activities.

B) development of cultural activities.

C) coordination of marketing activities.

D) integration of competitive moves.

E) integration of marketing mix.

Answer: B

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Analytical thinking

28) The former chairman of Nestlé recently told an interviewer: "We are food and beverages. We are not running bicycle shops. Even in food, we are not in all fields. There are certain areas we do not touch. Also, we have no soft drinks because I have said we either buy Coca-Cola or we leave it alone." What strategic marketing principle does the chairman's comment emphasize most specifically?

- A) customer value
- B) competitive advantage
- C) focus
- D) myopia
- E) policy of dealing only with Swiss businesses

Answer: C

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Analytical thinking

29) Nike recently adopted the slogan "Here I am" for its pan-European clothing advertising targeting women. The decision to drop the famous "Just do it" tag line was based on the research indicating that:

- A) the famous slogan did not have accurate translation in European languages.
- B) Europeans do not like tag lines that portray American thinking.
- C) college-age women in Europe are not as competitive about sports as men are.
- D) the old slogan conveys superiority of men over women.
- E) European women want to differentiate themselves from men.

Answer: C

Difficulty: 3: Challenging

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Analytical thinking

30) Burberry's global marketing strategy of offering "affordable luxury" to customers in the United States, with a value proposition of being more expensive than Coach and less expensive than Prada represents a focus on:

- A) product.
- B) price.
- C) promotion.
- D) position.
- E) place.

Answer: B

Difficulty: 3: Challenging

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Analytical thinking

31) The way a company addresses the global marketing strategy (GMS) includes all of the following *except*:

- A) global market participation.
- B) integration of inflationary moves.
- C) integration of competitive moves.
- D) coordination of marketing activities.
- E) concentration of marketing activities.

Answer: B

Difficulty: 3: Challenging

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Analytical thinking

32) Coke's worldwide success is based on:

- A) adaptation of the marketing mix.
- B) standardization of the marketing mix.
- C) selected elements of the marketing mix.
- D) using local sales force and vending machines.
- E) using existing local infrastructure.

Answer: A

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Application of knowledge

33) U.S. President Donald Trump's "America First" agenda is just one example of the way some nations are retreating into protectionism and isolation.

Answer: TRUE

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Application of knowledge

34) A disproportionate amount of wealth has flowed to the "have nots" and "have yachts," with much going to the "have nots."

Answer: FALSE

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Application of knowledge

35) Launching of Burberry Acoustic to enhance advocacy and sharing via social media and online channels is an example of which marketing mix element?

- A) product
- B) price
- C) promotion
- D) place
- E) people

Answer: C

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Information technology

36) The success of Uniqlo's retail stores can be attributed to its decision to:

- A) remain in Japan.
- B) locate in high population density areas.
- C) locate in low population density areas.
- D) manufacture most of their products in Japan.
- E) become the world's number one apparel retailer.

Answer: B

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Analytical thinking

37) Marco Gobetti, who took over as Burberry's CEO in 2017, faces a number of new challenges including the declining of department store shopping in the United States.

Answer: TRUE

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Application of knowledge

38) A company that succeeds in global marketing:

- A) pursues a "one size fits all" strategy by creating identical products for homogeneous markets.
- B) customizes special products for each world country or region.
- C) creates both standardized and localized elements.
- D) nurtures an ethnocentric management orientation.
- E) uses localized products only.

Answer: C

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Analytical thinking

39) An important managerial task in global marketing is learning to recognize the extent to which it is possible to extend marketing plans as well as the extent to which adaptation is desired. The way a company addresses this task is a reflection of the company's:

- A) market penetration.
- B) market diversification.
- C) global marketing strategy.
- D) product development.
- E) product standardization.

Answer: C

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Analytical thinking

40) Companies that fail to formulate adequate responses to the challenges and opportunities of globalization will face all of the following consequences *except*:

- A) getting absorbed by visionary enterprises.
- B) getting absorbed by dynamic enterprises.
- C) becoming locally profitable enterprises.
- D) undergoing wrenching transformations.
- E) simply disappearing from the business horizon.

Answer: C

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Analytical thinking

41) Global economic growth has been a driving force for companies to expand globally due to all of the following reasons *except*:

- A) rising per capita incomes in developing countries.
- B) growing ranks of middle-class consumers have more money to spend.
- C) rapid growth in industrialized countries has provided new opportunities.
- D) economic growth has reduced resistance in response to entry into new markets.
- E) policymakers are likely to look more favorably on outsiders.

Answer: C

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Analytical thinking

42) McDonald's Switzerland operates themed dining cars on the Swiss National Rail System. This is globalization of which marketing mix element?

- A) place
- B) promotion
- C) price
- D) process
- E) product

Answer: A

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Analytical thinking

43) McDonald's serves McRice Burger in Malaysia, McOZ Burger in Australia, Kiwi Burger in New Zealand, McHuevo Burger in Uruguay and McSamurai Burger in Thailand. These menu variations are examples of a:

- A) combination of global and local marketing mix elements.
- B) reflection of failure of U.S. menu items in those countries.
- C) deviation from successful marketing practices.
- D) replacement of standard menu names with fancy names.
- E) selection of menu items that can be sold eventually in U.S. markets.

Answer: A

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Analytical thinking

44) All of the following correctly states McDonald's approach to standardization and adaptation of the marketing mix *except*:

- A) McDonald's standardizes some product elements and adapts others.
- B) McDonald's standardizes some place elements and adapts others.
- C) McDonald's standardizes some promotion elements and adapts others.
- D) McDonald's standardizes some price elements and adapts others.
- E) McDonald's standardizes all product elements.

Answer: E

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Analytical thinking

45) Examples of effective global marketing by McDonald's include both standardized and localized marketing mix elements. Which of the following does *not* represent a localized element?

- A) It serves McAloo Tikki potato burger in India.
- B) It uses the advertising slogan "I'm lovin' it."
- C) It operates themed dining cars on the Swiss national rail system.
- D) It has home delivery service in India.
- E) It has slang nicknames such as MakDo in the Philippines and McDo in France.

Answer: B

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Analytical thinking

46) The region that leads in the World Pharmaceutical Market is:

- A) Europe.
- B) North America.
- C) Japan.
- D) Asia.
- E) Latin America.

Answer: B

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Application of knowledge

47) An industry is considered to be global to the extent that its industry position in one country is dependent upon the industry position in other countries.

Answer: FALSE

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Application of knowledge

48) A company with a geocentric orientation views the world as a potential market and strives to develop integrated global strategies.

Answer: TRUE

Difficulty: 3: Challenging

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Application of knowledge

49) McAlloo Tikka potato burger offered in India is an example of standardization.

Answer: FALSE

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Application of knowledge

50) What are the dimensions of global marketing strategy (GMS) that pertain to marketing management?

Answer: GMS has three dimensions that pertain to marketing management. First, "concentration of marketing activities" such as promotional campaigns or pricing decisions is performed in one or a few country locations. The second, "coordination of marketing activities," refers to the extent to which marketing activities related to the marketing mix are planned and executed interdependently around the globe. Finally, "integration of competitive moves" is the extent to which a firm's competitive marketing tactics in different parts of the world are interdependent. In essence, GMS should enhance the firm's performance on a worldwide basis.

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Application of knowledge

51) Why is it important for a firm to have global marketing strategy?

Answer: A firm's global marketing strategy (GMS) can enhance its worldwide performance. The GMS addresses several issues. First is the nature of the marketing program in terms of the balance between a standardized (extension) approach to the marketing mix elements and a localized (adaptation) approach that is responsive to country or regional differences. Second is the concentration of marketing activities in a few countries or the dispersal of such activities across many countries. Companies that engage in global marketing can also engage in coordination of marketing activities. Finally, a firm's GMS addresses the issue of global market participation.

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Application of knowledge

52) The Coca-Cola Company has convincingly demonstrated that the ability to think globally and act locally can be a source of competitive advantage. Justify this statement using examples.

Answer: Coke achieved success in Japan by spending a great deal of time and money to become an insider. The company built a complete local infrastructure with its sales force and vending machine operations. Coke's success in Japan is a function of its ability to achieve "global localization," being as much of an insider as a local company but still reaping the benefits of worldwide operations. The company is adept at adapting sales promotion, distribution, and customer service efforts to local needs. Coke has become one of the brands that have spent time and money getting this experience in unknown territories.

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Application of knowledge

53) Using McDonald's as an example, show how effective global marketing can be successfully achieved.

Answer: The particular approach to global marketing that a company adopts will depend on industry conditions and its source or sources of competitive advantage. McDonald's standardized product is Big Mac which is localized in various countries, such as McAloo Tikka Burger in India. Similar products with local slang names were used adapting to tastes in different countries. For promotion the standardized slogan "I'm lovin' it" is used whereas individual promotion is used in different countries. Freestanding restaurants are a standardized version, which is localized in several countries by having kiosks or home delivery. Similarly, the average price of Big Mac is used as a standard which is localized on the basis of currency fluctuation and affordability.

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Application of knowledge

54) When a global company establishes a benchmark in quality, competitors must quickly make their own improvements and come up to par. Justify the statement giving examples.

Answer: Starting in the 1960s, U.S. auto manufacturers saw their market erode as Japanese carmakers built strong reputations based on their products' quality and durability. In turn the U.S. companies are making great strides in quality. A new threat is being faced due to the introduction of Tesla's all-electric cars which have frequently been at or near the top of the quality and safety rankings for several years. Thus the global companies can establish a benchmark when other companies try to compete.

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Application of knowledge

- 55) Which of the following statements *cannot* be ascribed to globalization?
- A) Hundreds of millions of people have been lifted from poverty.
 - B) Millions of people have joined the middle class.
 - C) Wages and living standards of people have improved.
 - D) A disproportionate amount of wealth has flowed from "have" and have "nots."
 - E) Gains from globalization have been evenly distributed.

Answer: E

Difficulty: 3: Challenging

Chapter LO: 1.4: Identify the companies at the top of the Global 500 rankings.

AACSB: Application of knowledge

- 56) The worldview of a company's personnel can be described by all of the following types of orientation *except*:

- A) ethnocentric.
- B) geocentric.
- C) technocentric.
- D) polycentric.
- E) regiocentric.

Answer: C

Difficulty: 2: Moderate

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Application of knowledge

- 57) Ethnocentric orientation is sometimes associated with all of the following attitudes *except*:

- A) national arrogance.
- B) assumption of national superiority.
- C) indifference to marketing opportunities.
- D) selecting a standardized approach.
- E) selecting an adaptation approach.

Answer: A

Difficulty: 2: Moderate

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Application of knowledge

58) The cell phone division of Toshiba prospered by doing business in the domestic market. When handset sales slowed, Atsutoshi Nishida, president of Toshiba noted, "We were thinking only about Japan. We really missed our chance." This statement is indicative of a(n) _____ orientation.

- A) polycentric
- B) ethnocentric
- C) geocentric
- D) technocentric
- E) regiocentric

Answer: B

Difficulty: 2: Moderate

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Application of knowledge

59) Facebook acquired Instagram for \$1 billion in 2012. Which one of the following statements does *not* portray Instagram?

- A) Social-media savvy companies were hesitant to embrace Instagram.
- B) Food categories are helping drive Instagram's popularity.
- C) About two-thirds of Instagram users use the app to learn about brands.
- D) Using photo images and videos can show the "behind the scenes" processes.
- E) Instagram has 600 million users who upload about 100 million photos each day.

Answer: A

Difficulty: 2: Moderate

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Application of knowledge

60) At Procter & Gamble, one of the problems they were facing was that 80-plus country teams were all acting independently. Pampers Europe was not collaborating with Pampers North America. This example illustrates differences due to their:

- A) geocentric orientation.
- B) regiocentric orientation.
- C) polycentric orientation.
- D) ethnocentric orientation.
- E) poor globalization orientation.

Answer: B

Difficulty: 2: Moderate

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Application of knowledge

61) Unilever, the Anglo-Dutch consumer products company, at one time had 30 different package designs and 48 different formulations for its Rexona deodorant brand. This is an example of:

- A) ethnocentric orientation.
- B) polycentric orientation.
- C) regiocentric orientation.
- D) geocentric orientation.
- E) transnational orientation.

Answer: B

Difficulty: 3: Challenging

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Application of knowledge

62) Transnational companies, such as Toyota and Honda, have characteristic features that include:

- A) being in both global markets and utilizing global supply chains.
- B) a mind-set of being "stateless."
- C) using both localized and standardized elements in marketing programs.
- D) decisions made on the basis of ongoing research.
- E) all of the above.

Answer: E

Difficulty: 3: Challenging

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Application of knowledge

63) A key factor that distinguishes transnational companies from international companies is their _____ for the marketing program.

- A) use of localized elements
- B) use of extension elements
- C) needs assessment
- D) domestic research
- E) mind-set

Answer: E

Difficulty: 3: Challenging

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Application of knowledge

64) A type of advantage that a global company possesses by virtue of the fact that it has experience in more than one country is referred to as:

- A) leverage.
- B) transferability.
- C) flexibility.
- D) capability.
- E) accountability.

Answer: A

Difficulty: 2: Moderate

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Application of knowledge

65) Pfizer, Merck, Novartis, and other pharmaceutical companies have little choice but to engage in global marketing since:

- A) there is little demand for their products in home countries.
- B) their research centers are located overseas.
- C) no single market is large enough to recover costs incurred in research.
- D) there is more demand overseas for their products.
- E) technology is not available in home countries.

Answer: C

Difficulty: 2: Moderate

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Application of knowledge

66) When a country like China is experiencing rapid economic growth, policymakers are likely to:

- A) look more favorably on outsiders.
- B) look less favorably on outsiders.
- C) experience more resistance toward outsiders.
- D) feel threatened by outsiders.
- E) none of the above

Answer: A

Difficulty: 3: Challenging

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Application of knowledge

67) _____ refers to some type of advantage that a company enjoys by virtue of the fact that it has experience in more than one country.

- A) Transferability
- B) Capability
- C) Accountability
- D) Leverage
- E) Flexibility

Answer: D

Difficulty: 2: Moderate

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Application of knowledge

68) Some globalization strategies do not yield the expected results as evidenced by the:

- A) acquiring of majority stake in Nissan Motor by Peugeot Citroen.
- B) leverage resulting from scale economies.
- C) leverage resulting from manufacturing.
- D) larger scale improvement of quality.
- E) unravelling of the DaimlerChrysler merger.

Answer: E

Difficulty: 2: Moderate

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Application of knowledge

69) The term "polycentric" describes management's belief or assumption that each country in which a company does business is the same as the home country business.

Answer: FALSE

Difficulty: 2: Moderate

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Analytical thinking

70) Transnational companies serve global markets and use global supply chains, which often results in a blurring of national identity. A true transnational company would be characterized as "stateless."

Answer: TRUE

Difficulty: 2: Moderate

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Analytical thinking

71) Toyota and Honda are two examples of companies that exhibit key characteristics of transnationality.

Answer: TRUE

Difficulty: 2: Moderate

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Analytical thinking

72) The geocentric orientation represents a synthesis of ethnocentrism and regiocentrism.

Answer: FALSE

Difficulty: 3: Challenging

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Analytical thinking

73) Multinational companies pursuing strategies of product adaptation run the risk of failing to be successful against global competitors that have recognized opportunities to serve global customers.

Answer: TRUE

Difficulty: 2: Moderate

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Analytical thinking

74) A global company possesses the unique opportunity to develop leverage.

Answer: TRUE

Difficulty: 1: Easy

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Application of knowledge

75) Leverage from scale economies is limited to manufacturing industries.

Answer: FALSE

Difficulty: 2: Moderate

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Application of knowledge

76) How can food categories lead to Instagram's popularity? Explain with examples.

Answer: Instagram's "IG-ed" (Instagrammed) has more than 200 million posts with the hashtag #food. In response to this trend, social-media-conscious hospitality managers in London, New York, and other food-centric cities are taking steps to ensure that a restaurant's interior design, menus, and dishes lend themselves to Instagram posts. Recent trending food items include "freakshakes" and "unicorn lattes."

Difficulty: 2: Moderate

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Application of knowledge

77) Discuss the impact of management myopia and organizational culture on the globalization of a corporation?

Answer: There are several examples where management simply ignores opportunities to pursue global marketing. A company that is "nearsighted" and ethnocentric will not expand geographically. For example, Anheuser-Busch, the brewer of Budweiser beer, lost its independence after years of focusing primarily on the domestic U.S. market. Myopia is also a recipe for market disaster if headquarters attempts to dictate when it should listen. Global marketing does not work without a strong local team that can provide information about local market conditions.

Difficulty: 2: Moderate

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Application of knowledge

78) Give examples to show the differences between ethnocentric and polycentric orientation.

Answer: A manager who assumes that his or her home country is superior to the rest of the world is said to have an ethnocentric orientation. Polycentric orientation is the opposite of ethnocentric orientation, where a manager assumes that each country in which a company does business is unique. In ethnocentric orientation, foreign operations or markets are typically viewed as being secondary or subordinate to domestic ones. For example, Nissan's ethnocentric orientation caused managers to believe that consumers all over the world should and would behave as do the Japanese. In Northern Japan, people would put blankets over the hoods of their cars during cold winters and managers assumed that people in the United States should be able to do the same. Citicorp's financial company executives have polycentric orientation, where the assumption was that each country is different, and there is a need for a localized or adaptation approach.

Difficulty: 3: Challenging

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Application of knowledge

79) In the United States, some people believe that globalization has depressed the wages of American workers resulting in the loss of both blue-collar and white-collar jobs. This is an example of:

- A) discrimination.
- B) domination.
- C) globophobia.
- D) management myopia.
- E) economic crisis.

Answer: C

Difficulty: 2: Moderate

Chapter LO: 1.6: Discuss the driving and restraining forces affecting global integration today.

AACSB: Analytical thinking

80) A type of advantage that a company enjoys by virtue of the fact that it has experience in more than one country is referred to as:

- A) driving force.
- B) globophobia.
- C) leverage.
- D) management myopia.
- E) restraint.

Answer: C

Difficulty: 2: Moderate

Chapter LO: 1.6: Discuss the driving and restraining forces affecting global integration today.

AACSB: Analytical thinking

81) McDonald's has been in many country markets long enough that a new generation of consumers has grown up with McDonald's and are not aware of the company's U.S. origins. On the basis of this summary, what is the highest stage of corporate development that McDonald's arguably has achieved?

- A) international
- B) multinational
- C) global
- D) transnational
- E) myopic

Answer: D

Difficulty: 2: Moderate

Chapter LO: 1.6: Discuss the driving and restraining forces affecting global integration today.

AACSB: Analytical thinking

82) Which of the following descriptions does *not* portray an entrepreneur?

- A) someone who introduces innovations
- B) is a pioneer in introducing new products and services
- C) people with exceptional abilities who seize opportunities that others are oblivious to
- D) has myopic vision to focus on innovation that brings new capacity to create worth
- E) creates opportunities through their own daring and imagination

Answer: D

Difficulty: 2: Moderate

Chapter LO: 1.6: Discuss the driving and restraining forces affecting global integration today.

AACSB: Analytical thinking

83) The European Union prohibits the use of generic terms such as "Parmesan" for dairy imports to protect cheese producers in Italy. This is an example of a nontariff barrier (NTB).

Answer: TRUE

Difficulty: 2: Moderate

Chapter LO: 1.6: Discuss the driving and restraining forces affecting global integration today.

AACSB: Analytical thinking

84) Globophobia is a term used to describe a hostile attitude toward global brands or company policies that appear to result in hardship for some individuals or countries while benefiting others.

Answer: TRUE

Difficulty: 2: Moderate

Chapter LO: 1.6: Discuss the driving and restraining forces affecting global integration today.

AACSB: Analytical thinking

85) According to Nielson, Instagram users spend more time listening to music but are likely to refrain paying for streaming music services than nonusers.

Answer: FALSE

Difficulty: 2: Moderate

Chapter LO: 1.6: Discuss the driving and restraining forces affecting global integration today.

AACSB: Analytical thinking

86) The pressure for globalization is so intense that even leading pharmaceutical companies such as Pfizer, Merck, Novartis, and Squibb have little choice but to engage in global marketing.

Answer: TRUE

Difficulty: 2: Moderate

Chapter LO: 1.6: Discuss the driving and restraining forces affecting global integration today.

AACSB: Analytical thinking

87) Global marketing does not necessarily mean operating everywhere since there are forces affecting global integration and global marketing. Justify this statement using examples based on the world economic trends.

Answer: Economic growth in key developing countries creates market opportunities that provide a major incentive for companies to expand globally. Due to the rising per capita incomes in India, China, and elsewhere, the growing ranks of middle-class consumers have more money to spend than in the past. At the same time, slow growth in industrialized countries has compelled management to look ahead for opportunities in nations or regions with high rates of growth. Also, the economic growth has reduced resistance that might otherwise have developed in response to the entry of foreign firms into domestic economies. The worldwide movement toward free markets, deregulation, and privatization is also a driving force. The trend toward privatization is opening up formerly closed markets creating tremendous opportunities.

Difficulty: 3: Challenging

Chapter LO: 1.6: Discuss the driving and restraining forces affecting global integration today.

AACSB: Application of knowledge

88) List and describe the forces affecting local integration and global marketing.

Answer: The forces affecting local integration and global marketing are (a) Multilateral Trade Agreements such as NAFTA which has expanded trade among the United States, Canada, and Mexico; (b) converging market needs and wants and the information revolution: the development of technology has a considerable impact on the market needs and wants; (c) transportation and communication improvements: the technology for transportation and communication is changing rapidly; (d) product development costs: new products require major investments and considerable time; (e) world economic trends: growing economies worldwide have an impact on global marketing; and (f) leverage: it is an advantage that a company enjoys by virtue of having experience in more than one country.

Difficulty: 3: Challenging

Chapter LO: 1.6: Discuss the driving and restraining forces affecting global integration today.

AACSB: Application of knowledge

89) List and describe the restraining forces for globalization. Provide examples in your answer.

Answer: Two recent examples of the restraining forces relate to the election of Donald Trump in the United States and the Brexit vote in the United Kingdom. Shortly after election President Trump pulled the United States out of the Transatlantic Trade and Investment Partnership (TTIP) as well as the Trans-Pacific Partnership (TPP). He also campaigned on a pledge to revise or withdraw from NAFTA. Meanwhile, U.K. Prime Minister Theresa May was working to finalize "divorce" arrangements for the United Kingdom's withdrawal from the European Union.

Difficulty: 3: Challenging

Chapter LO: 1.6: Discuss the driving and restraining forces affecting global integration today.

AACSB: Application of knowledge