Global Marketing, 8e Global Edition **(Keegan/Green)**
Chapter 1   Introduction to Global Marketing

1) The market development strategy involves seeking new customers by introducing existing products or services to a new market segment.
Answer: TRUE
Difficulty: Easy
Chapter LO: 1
AACSB: Reflective thinking
Course LO: Discuss the fundamental concepts of marketing

2) Starbucks is building on its loyalty card and rewards program in the United States with a smartphone app that enables customers to pay for purchases electronically. This is an example of Market Penetration.
Answer: TRUE
Difficulty: Moderate
Chapter LO: 1
AACSB: Reflective thinking
Course LO: Discuss the fundamental concepts of marketing

3) The perceived value equation can be represented as Value = Price/Benefits.
Answer: FALSE
Difficulty: Easy
Chapter LO: 2
AACSB: Analytical thinking
Course LO: Discuss the fundamental concepts of marketing

4) Companies can increase prices if costs are low because of process efficiencies in manufacturing.
Answer: FALSE
Difficulty: Easy
Chapter LO: 2
AACSB: Reflective thinking
Course LO: Identify and describe the processes and tools of strategic marketing

5) If Nestlé decides not to market biscuits (cookies) in the United States due to competitive reasons, it is considered as a lack of strategic focus and missed opportunity.
Answer: FALSE
Difficulty: Moderate
Chapter LO: 2
AACSB: Reflective thinking
Course LO: Identify and describe the processes and tools of strategic marketing

6) The Yugo automobile achieved a modest level of U.S. sales in the 1980s despite a "don't buy" rating from a consumer magazine.
Answer: TRUE
Difficulty: Easy
Chapter LO: 2
AACSB: Reflective thinking
Course LO: Identify and describe the processes and tools of strategic marketing

7) Walmart's recent exit from the German market was due, in part, to the fact that German shoppers could find lower prices at stores known as "hard discounters."
Answer: TRUE
Difficulty: Moderate
Chapter LO: 2
AACSB: Reflective thinking
Course LO: Identify and describe the processes and tools of strategic marketing

8) Nike dropped their well-known tag line "Just do it" in advertising women's clothing in Europe and replaced it by the slogan "Here I am" since college-age women in Europe are not as competitive about sports as men are.
Answer: TRUE
Difficulty: Moderate
Chapter LO: 2
AACSB: Analytical thinking
Course LO: Identify and describe the processes and tools of strategic marketing

9) From a global marketing perspective, the history of the Beatles' records is an interesting case study in both product adaptation and product extension.
Answer: TRUE
Difficulty: Moderate
Chapter LO: 2
AACSB: Reflective thinking
Course LO: Identify and describe the processes and tools of strategic marketing

10) In an effort to "Americanize" the sound of the Beatles' recordings, a studio effect known as reverb was added to some tracks.
Answer: TRUE
Difficulty: Moderate
Chapter LO: 3
AACSB: Reflective thinking
Course LO: Identify and describe the processes and tools of strategic marketing

11) McDonald's global marketing strategy is based primarily on local marketing mix elements.
Answer: FALSE
Difficulty: Moderate
Chapter LO: 3
AACSB: Reflective thinking
Course LO: Identify and describe the processes and tools of strategic marketing

12) Starbucks opened an experimental store in Amsterdam that serves as a testing ground for new design concepts such as locally sourced and recycled building materials.
Answer: TRUE
Difficulty: Moderate
Chapter LO: 3
AACSB: Reflective thinking
Course LO: Identify and describe the processes and tools of strategic marketing

13) Tang drink powder became a $1 billion brand as regional managers in the Middle East added mango and pineapple flavors.
Answer: TRUE
Difficulty: Easy
Chapter LO: 3
AACSB: Reflective thinking
Course LO: Describe the global marketing environment today and explain the options companies consider as they go global

14) About 75 percent of the Coca-Cola Company's operating income and two-thirds of its operating revenue are generated outside North America.
Answer: TRUE
Difficulty: Moderate
Chapter LO: 4
AACSB: Reflective thinking
Course LO: Identify and describe the processes and tools of strategic marketing

15) Ethnocentric companies that conduct business outside the home country adhere to the notion that the products that succeed in the home country will succeed anywhere.
Answer: TRUE
Difficulty: Difficult
Chapter LO: 5
AACSB: Application of knowledge
Course LO: Identify and describe the processes and tools of strategic marketing

16) 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: Moderate
Chapter LO: 5
AACSB: Analytical thinking
Course LO: Identify and describe the processes and tools of strategic marketing

17) Unilever's Rexona deodorant brand had 30 different package designs and 48 different formulations. This is an example of ethnocentrism.
Answer: FALSE
Difficulty: Easy
Chapter LO: 5
AACSB: Application of knowledge
Course LO: Identify and describe the processes and tools of strategic marketing

18) A U.S. company that focuses on the countries included in the North American Free Trade Agreement (NAFTA) has a regiocentric orientation.
Answer: TRUE
Difficulty: Moderate
Chapter LO: 5
AACSB: Analytical thinking
Course LO: Describe the global marketing environment today and explain the options companies consider as they go global

19) A European company that focuses its attention on Europe can be considered to have geocentric orientation.
Answer: FALSE
Difficulty: Difficult
Chapter LO: 5
AACSB: Reflective thinking
Course LO: Describe the global marketing environment today and explain the options companies consider as they go global

20) A company with a geocentric orientation views the world as a potential market and strives to develop integrated global strategies.
Answer: TRUE
Difficulty: Difficult
Chapter LO: 5
AACSB: Diverse and multicultural work environment
Course LO: Describe the global marketing environment today and explain the options companies consider as they go global

21) A true transnational company would be characterized as "stateless."
Answer: TRUE
Difficulty: Difficult
Chapter LO: 6
AACSB: Application of knowledge
Course LO: Describe the global marketing environment today and explain the options companies consider as they go global

22) One way to assess a company's "degree of transnationality" is to compute the ratio between the sales outside the home country to total sales.
Answer: TRUE
Difficulty: Difficult
Chapter LO: 6
AACSB: Application of knowledge
Course LO: Describe the global marketing environment today and explain the options companies consider as they go global

23) Economic growth has reduced resistance that might otherwise have developed in response to the entry of foreign firms into domestic economies.
Answer: TRUE
Difficulty: Difficult
Chapter LO: 6
AACSB: Diverse and multicultural work environment
Course LO: Describe the global marketing environment today and explain the options companies consider as they go global

24) In the context of global marketing, leverage means some type of advantage that a company enjoys by virtue of the fact that it has experience in its home country.
Answer: FALSE
Difficulty: Difficult
Chapter LO: 6
AACSB: Analytical thinking
Course LO: Describe the global marketing environment today and explain the options companies consider as they go global

25) Evidence of the company's ongoing commitment to innovation can be seen in continuous new product introduction.
Answer: TRUE
Difficulty: Moderate
Chapter LO: 6
AACSB: Analytical thinking
Course LO: Discuss the fundamental concepts of marketing

26) Most global markets do not exist in nature.
Answer: TRUE
Difficulty: Moderate
Chapter LO: 6
AACSB: Reflective thinking
Course LO: Discuss the fundamental concepts of marketing

27) A global company can leverage its experience in any market in the world.
Answer: TRUE
Difficulty: Moderate
Chapter LO: 5
AACSB: Reflective thinking
Course LO: Describe the global marketing environment today and explain the options companies consider as they go global

28) Nontariff barriers (NTBs) are monetary restrictions on cross-border trade.
Answer: FALSE
Difficulty: Moderate
Chapter LO: 6
AACSB: Reflective thinking
Course LO: Describe the global marketing environment today and explain the options companies consider as they go global

29) Anheuser-Busch, the brewer of Budweiser beer, lost its independence after years of focusing primarily on the U.S. market.
Answer: TRUE
Difficulty: Moderate
Chapter LO: 6
AACSB: Analytical thinking
Course LO: Describe the global marketing environment today and explain the options companies consider as they go global

30) The term *globaphobia* is used to describe an attitude of hostility towards trade agreements and global brands.
Answer: TRUE
Difficulty: Easy
Chapter LO: 5
AACSB: Reflective thinking
Course LO: Describe the global marketing environment today and explain the options companies consider as they go global

31) When you call United Airlines for a reservation on a toll-free number and get a response from an operator in Mumbai, this is an example of:
A) anti-globalization.
B) global marketplace.
C) multilingual expression.
D) discrimination.
E) E-ticketing.
Answer: B
Difficulty: Moderate
Chapter LO: 1
AACSB: Reflective thinking
Course LO: Describe the global marketing environment today and explain the options companies consider as they go global

32) 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: Moderate
Chapter LO: 1
AACSB: Reflective thinking
Course LO: Describe the global marketing environment today and explain the options companies consider as they go global

33) *Slumdog Millionaire,* a movie which received several awards and an Oscar in 2009, was filmed on a location in and around:
A) London.
B) San Francisco.
C) Cancun.
D) Mumbai.
E) Moscow.
Answer: D
Difficulty: Easy
Chapter LO: 1
AACSB: Reflective thinking
Course LO: Discuss the fundamental concepts of marketing

34) Starbucks has launched several new ventures in global markets, including music CDs and movie production. This is an example of:
A) Market Penetration.
B) Market Development.
C) Market Diversification.
D) Product Development.
E) Global Marketing.
Answer: C
Difficulty: Moderate
Chapter LO: 1
AACSB: Analytical thinking
Course LO: Describe the global marketing environment today and explain the options companies consider as they go global

35) A fundamental difference between regular marketing and global marketing is:
A) the lack of marketing mix.
B) the scope of activities.
C) the lack of strategic planning.
D) the focus on resources.
E) the lack of communication.
Answer: B
Difficulty: Moderate
Chapter LO: 1
AACSB: Application of knowledge
Course LO: Describe the global marketing environment today and explain the options companies consider as they go global

36) Starbucks is building on its loyalty card and rewards program in the United States with a smartphone app that enables customers to pay for purchases electronically. The app displays a bar code that the barista can scan. This is an example of:
A) Market Penetration.
B) Market Development.
C) Market Diversification.
D) Product Development.
E) Global Marketing.
Answer: A
Difficulty: Moderate
Chapter LO: 1
AACSB: Information technology
Course LO: Describe the global marketing environment today and explain the options companies consider as they go global

37) Starbucks is entering India via an alliance with the Tata Group. Phase 1 calls for sourcing coffee beans in India and marketing them at Starbucks stores throughout the world. This is an example of:
A) Market Penetration.
B) Market Development.
C) Market Diversification.
D) Product Development.
E) Regular Marketing.
Answer: B
Difficulty: Moderate
Chapter LO: 1
AACSB: Analytical thinking
Course LO: Describe the global marketing environment today and explain the options companies consider as they go global

38) The essence of marketing worldwide is to surpass the competition in creating perceived value, which can be represented as:
A) Value = Price/Benefits.
B) Value = Benefits/Price.
C) Value = Benefits × Price.
D) Value = Benefits - Price.
E) Value = Benefits + Price.
Answer: B
Difficulty: Difficult
Chapter LO: 1
AACSB: Analytical thinking
Course LO: Discuss the fundamental concepts of marketing

39) The marketing mix is integral to the value equation which is represented by:
A) Value = Price/Benefits.
B) Value = Benefits/Price.
C) Value = Benefits × Price.
D) Value = Benefits - Price.
E) Value = Benefits + Price.
Answer: B
Difficulty: Difficult
Chapter LO: 1
AACSB: Analytical thinking
Course LO: Discuss the fundamental concepts of marketing

40) Renault and its rivals are racing to offer middle-class consumers a new value proposition by selling cars for the equivalent of $10,000 or less. On the heels of Renault's success with Dacia Logan came the $2,500 Nano from India's Tata Motors. This illustrates that:
A) consumers are looking for low price irrespective of quality.
B) Renault is overcharging for their cars compared to their competitors.
C) higher product development costs are a driving force behind globalization.
D) market success depends on reaching a threshold of acceptable quality for consumers.
E) cars are not very popular in emerging markets like India.
Answer: D
Difficulty: Difficult
Chapter LO: 1
AACSB: Analytical thinking
Course LO: Discuss the fundamental concepts of marketing

41) Walmart's exit from the German market was due, in part, to the fact that German shoppers could find lower prices at stores known as:
A) All-in-one stores.
B) Dollar stores.
C) Discount sores.
D) Hard discounters.
E) Fresh & Easy stores.
Answer: D
Difficulty: Moderate
Chapter LO: 1
AACSB: Analytical thinking
Course LO: Discuss the fundamental concepts of marketing

42) According to Michael Porter, a global industry is one in which ________ can be achieved by integrating and leveraging operations on a worldwide scale.
A) marketing mix
B) competitive advantage
C) cross border infiltration
D) ration analysis
E) production capability
Answer: B
Difficulty: Moderate
Chapter LO: 2
AACSB: Reflective thinking
Course LO: Discuss the fundamental concepts of marketing

43) 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: Difficult
Chapter LO: 2
AACSB: Reflective thinking
Course LO: Discuss the fundamental concepts of marketing

44) 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: Moderate
Chapter LO: 2
AACSB: Diverse and multicultural work environment
Course LO: Identify and describe the processes and tools of strategic marketing

45) The decision to enter one or more particular markets outside the home country depends on all of the mentioned factors *except*:
A) company's resources.
B) company's age.
C) company's managerial mind-set.
D) nature of opportunities.
E) threats.
Answer: B
Difficulty: Easy
Chapter LO: 2
AACSB: Reflective thinking
Course LO: Identify and describe the processes and tools of strategic marketing

46) From the global marketing perspective, the customization of the Beatles' records is a good example of:
A) product adaptation.
B) market penetration.
C) diversification.
D) product development.
E) marketing mix.
Answer: A
Difficulty: Easy
Chapter LO: 2
AACSB: Reflective thinking
Course LO: Identify and describe the processes and tools of strategic marketing

47) In an effort to "Americanize" the sound of the Beatles' recordings, a studio effect known as reverb was added to some tracks. This is an example of:
A) product adaptation.
B) market penetration.
C) diversification.
D) product development.
E) marketing mix.
Answer: A
Difficulty: Easy
Chapter LO: 2
AACSB: Reflective thinking
Course LO: Identify and describe the processes and tools of strategic marketing

48) Two decades ago, professor Ted Levitt wrote a classic *Harvard Business Review* article titled "The Globalization of Markets." Which of the following statements about the author and the article is accurate?
A) Levitt urged companies to adopt products on a country-by-country basis.
B) There was universal agreement about his thesis that the world is becoming homogeneous.
C) Levitt urged companies to develop standardized products that could be marketed worldwide with little adaptation.
D) Levitt warned of the coming backlash against globalization.
E) Levitt did not recommend developing standardized products.
Answer: C
Difficulty: Difficult
Chapter LO: 2
AACSB: Reflective thinking
Course LO: Identify and describe the processes and tools of strategic marketing

49) Coca-Cola achieved success in the Japanese market primarily by:
A) standardization of marketing mix elements.
B) global localization.
C) vending machine operations.
D) selecting market mix options.
E) homogenization.
Answer: B
Difficulty: Moderate
Chapter LO: 2
AACSB: Reflective thinking
Course LO: Identify and describe the processes and tools of strategic marketing

50) 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 products.
D) nurtures an ethnocentric management orientation.
E) uses localized products only.
Answer: C
Difficulty: Moderate
Chapter LO: 2
AACSB: Reflective thinking
Course LO: Identify and describe the processes and tools of strategic marketing

51) 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: Difficult
Chapter LO: 2
AACSB: Reflective thinking
Course LO: Identify and describe the processes and tools of strategic marketing

52) One of the dimensions of global marketing strategy which pertains to marketing management is:
A) concentration of market penetration.
B) coordination of market diversification.
C) integration of competitive moves.
D) coordination of product development.
E) product standardization.
Answer: C
Difficulty: Difficult
Chapter LO: 3
AACSB: Reflective thinking
Course LO: Identify and describe the processes and tools of strategic marketing

53) Statements that illustrate the success of global marketing include all of the following *except*:
A) the Coca-Cola Company supports its Coke brand by utilizing global and local marketing mix.
B) Apple is synonymous with cutting-edge innovation and high-tech design.
C) Italy's Benetton utilizes marketing as a knee-jerk reaction to world marketing needs.
D) the backbone of Caterpillar's global success is its network of dealers.
E) Germany's reputation for engineering and manufacturing provides a competitive advantage.
Answer: C
Difficulty: Moderate
Chapter LO: 3
AACSB: Diverse and multicultural work environment
Course LO: Identify and describe the processes and tools of strategic marketing

54) McDonald's serves McAloo Tikki Burger in India, McRice Burger in Malaysia, McOZ Burger in Australia, Kiwi Burger in New Zealand, and 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) a reflection of failure of U.S. menu items in those countries.
C) a deviation from successful marketing practices.
D) a replacement of standard menu names with fancy names.
E) a selection of menu items that can be sold eventually in U.S. markets.
Answer: A
Difficulty: Easy
Chapter LO: 3
AACSB: Diverse and multicultural work environment
Course LO: Describe the global marketing environment today and explain the options companies consider as they go global

55) 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: Moderate
Chapter LO: 3
AACSB: Diverse and multicultural work environment
Course LO: Describe the global marketing environment today and explain the options companies consider as they go global

56) 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 Philippines and McDo in France.
Answer: B
Difficulty: Moderate
Chapter LO: 3
AACSB: Diverse and multicultural work environment
Course LO: Describe the global marketing environment today and explain the options companies consider as they go global

57) Uniqlo, a division of Japan's Fast Retail, operates about 850 stores in Japan and currently has six stores in the United States. Their plans call for a total of 200 U.S. stores by 2020. The fulfillment of their plan will depend on:
A) industry conditions.
B) sources of competitive advantage.
C) the condition of the apparel market worldwide.
D) the demand in Japan for U.S. style garments.
E) all of the above
Answer: E
Difficulty: Moderate
Chapter LO: 4
AACSB: Analytical thinking
Course LO: Identify and describe the processes and tools of strategic marketing

58) Measured by national income, the United States represents the world's largest single market for goods and services. Roughly what percentage of world income is found outside the United States?
A) 25%
B) 50%
C) 75%
D) 95%
E) 35%
Answer: C
Difficulty: Moderate
Chapter LO: 4
AACSB: Analytical thinking
Course LO: Identify and describe the processes and tools of strategic marketing

59) Even though Germany is the largest single-country market in Europe, what percent of the world market potential for German companies is outside Germany?
A) 40%
B) 55%
C) 74%
D) 94%
E) 85%
Answer: D
Difficulty: Easy
Chapter LO: 4
AACSB: Analytical thinking
Course LO: Identify and describe the processes and tools of strategic marketing

60) According to the Fortune global 500 companies for 2012, the largest corporation based on revenue is:
A) Exxon Corporation.
B) Toyota Motors.
C) Royal Dutch Shell.
D) General Electric.
E) Walmart stores.
Answer: C
Difficulty: Easy
Chapter LO: 4
AACSB: Analytical thinking
Course LO: Identify and describe the processes and tools of strategic marketing

61) Based on 2012 rankings of Fortune Global 500 companies, the world's most valuable car company is:
A) GM.
B) Daimler AG.
C) Toyota.
D) Ford.
E) Chrysler.
Answer: C
Difficulty: Easy
Chapter LO: 4
AACSB: Analytical thinking
Course LO: Identify and describe the processes and tools of strategic marketing

62) Based on the size of the market in U.S. dollars, the leading consumer products are:
A) cell phones.
B) bottled water.
C) cigarettes.
D) video games.
E) recorded music.
Answer: C
Difficulty: Easy
Chapter LO: 4
AACSB: Analytical thinking
Course LO: Identify and describe the processes and tools of strategic marketing

63) Based on the size of the market in U.S. dollars, the second highest consumer products are:
A) luxury goods.
B) cell phones.
C) cigarettes.
D) bottled water.
E) recorded music.
Answer: A
Difficulty: Easy
Chapter LO: 4
AACSB: Analytical thinking
Course LO: Identify and describe the processes and tools of strategic marketing

64) Based on the total annual units sold in the worldwide market, the leading product category is:
A) flat-panel TV sets.
B) cigarettes.
C) cell phone handsets.
D) cars and light trucks.
E) HDTV sets.
Answer: B
Difficulty: Easy
Chapter LO: 4
AACSB: Analytical thinking
Course LO: Identify and describe the processes and tools of strategic marketing

65) A person who assumes that his or her home country is superior to the rest of the world is said to have:
A) ethnocentric orientation.
B) polycentric orientation.
C) regiocentric orientation.
D) geocentric orientation.
E) None of the above
Answer: A
Difficulty: Moderate
Chapter LO: 5
AACSB: Application of knowledge
Course LO: Describe the global marketing environment today and explain the options companies consider as they go global

66) Nissan's earlier vehicles were difficult to start in many parts of the United States during the cold
winter months. In northern Japan, it was customary for many car owners to put blankets over the hoods of their cars during winter months. Nissan's assumption was that Americans would do the same thing. This is an example of:
A) ethnocentric orientation.
B) polycentric orientation.
C) regiocentric orientation.
D) geocentric orientation.
E) geopolitic orientation.
Answer: A
Difficulty: Moderate
Chapter LO: 5
AACSB: Application of knowledge
Course LO: Describe the global marketing environment today and explain the options companies consider as they go global

67) The cell phone divisions of Toshiba, Sharp, and other Japanese companies prospered by focusing on the domestic market. When handset sales in Japan slowed a few years ago, the Japanese companies realized that Nokia, Motorola, and Samsung already dominated key world markets. Atsutoshi Nishida, president of Toshiba, noted, "We were thinking only about Japan. We really missed our chance." This example illustrates:
A) geocentric orientation.
B) regiocentric orientation.
C) polycentric orientation.
D) ethnocentric orientation.
E) poor globalization orientation.
Answer: D
Difficulty: Moderate
Chapter LO: 6
AACSB: Application of knowledge
Course LO: Describe the global marketing environment today and explain the options companies consider as they go global

68) 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: Moderate
Chapter LO: 6
AACSB: Application of knowledge
Course LO: Describe the global marketing environment today and explain the options companies consider as they go global

69) Transnational companies, such as Toyota and Honda, have characteristic features that include:
A) being in both global markets and utilizing global supply chains.
B) characterized by 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: Moderate
Chapter LO: 5
AACSB: Application of knowledge
Course LO: Describe the global marketing environment today and explain the options companies consider as they go global

70) Nestlé, Unilever, GlaxoSmithKline, and Royal Philips Electronics can be considered transnational companies on the basis of:
A) sales outside the home country to total sales.
B) assets outside the home country to total assets.
C) employees outside the home country to total employees.
D) headquartered in a relatively small home-country market.
E) all of the above
Answer: E
Difficulty: Moderate
Chapter LO: 6
AACSB: Application of knowledge
Course LO: Describe the global marketing environment today and explain the options companies consider as they go global

71) 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) Enability.
Answer: A
Difficulty: Moderate
Chapter LO: 6
AACSB: Application of knowledge
Course LO: Describe the global marketing environment today and explain the options companies consider as they go global

72) A number of multilateral trade agreements have accelerated the pace of global integration which include:
A) NAFTA.
B) GATT.
C) WTO.
D) EU.
E) all of the above
Answer: E
Difficulty: Easy
Chapter LO: 6
AACSB: Application of knowledge
Course LO: Describe the global marketing environment today and explain the options companies consider as they go global

73) 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: Moderate
Chapter LO: 6
AACSB: Reflective thinking
Course LO: Describe the global marketing environment today and explain the options companies consider as they go global

74) In their book, Daniel Yergin and Joseph Stanislaw wrote "It is the greatest sale in the history of the world. Governments are getting out of businesses by disposing of what amounts to trillions of dollars of assets. Everything is going—from steel plants and phone companies . . . to hotels, restaurants, and nightclubs." This is an indication of:
A) the fact that governments can make more money by selling assets.
B) privatization is becoming a driving force for global marketing.
C) these businesses are considered as closed markets.
D) foreign companies are competing with governments.
E) there is less demand for these type of companies.
Answer: B
Difficulty: Difficult
Chapter LO: 6
AACSB: Analytical thinking
Course LO: Identify factors that influence a company's micro environment and macro environment

75) 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: Moderate
Chapter LO: 6
AACSB: Analytical thinking
Course LO: Identify factors that influence a company's micro environment and macro environment

76) H.F. Iskander, general manager of Chevron's Kuwait office, stated "Chevron is pumping oil in different locations all over the world . . . there isn't a rock we haven't drilled through. We centralize all that knowledge at our headquarters, analyze it, sort it out, and that enables us to solve any oil-drilling problem anywhere." From the global marketing point of view this is an example of a global company:
A) that is hungry to exploit natural resources.
B) that is trying to be first to explore oil.
C) that it is trying to solve world problems.
D) that gains leverage through experience transfers.
E) that does not have easy access to information.
Answer: D
Difficulty: Moderate
Chapter LO: 6
AACSB: Analytical thinking
Course LO: Identify factors that influence a company's micro environment and macro environment

77) Japan's giant Matsushita Electric Company achieved scale economies by exporting VCRs, televisions, and other consumer electronics products throughout the world from world-scale factories in Japan. This is an example of the fact that:
A) scale economies were a cornerstone of Japanese success in the 1970s and 1980s.
B) leverage from scale economies is not limited to manufacturing.
C) a global company can achieve the same economies on a global scale.
D) the larger scale of the global company also creates opportunities to improve corporate staff competence and quality.
E) all of the above
Answer: E
Difficulty: Moderate
Chapter LO: 6
AACSB: Analytical thinking
Course LO: Identify factors that influence a company's micro environment and macro environment

78) Anheuser-Busch, the brewer of Budweiser beer, lost its independence after years of focusing primarily on the domestic U.S. market. This is most likely a result of:
A) management myopia.
B) national controls.
C) opposition to globalization.
D) newcomers from emerging markets.
E) organizational culture.
Answer: A
Difficulty: Moderate
Chapter LO: 6
AACSB: Analytical thinking
Course LO: Identify factors that influence a company's micro environment and macro environment

79) In the United States, some people believe that globalization has depressed the wages of American workers and resulted in the loss of both blue-collar and white-collar jobs. This is an example of:
A) discrimination.
B) domination.
C) globaphobia.
D) management myopia.
E) economic crisis.
Answer: C
Difficulty: Moderate
Chapter LO: 6
AACSB: Analytical thinking
Course LO: Identify factors that influence a company's micro environment and macro environment

80) McDonald's restaurants are found in more than 118 countries. To ensure high levels of consistency and quality, the company's far-flung restaurant system incorporates many standardized elements (e.g. restaurant design, burgers/fries/soft drinks as basic menu offerings). However, McDonald's also prides itself on sourcing many of its food inputs (e.g. potatoes and dairy products) in individual host countries. McDonald's strives to be locally responsive—it creates new menu items specifically designed with local eating customs and preferences in mind. Typically, McDonald's forms joint ventures with local partners, a tactic that ensures that a local "face" is associated with the company. Finally, 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: Difficult
Chapter LO: 6
AACSB: Analytical thinking
Course LO: Identify factors that influence a company's micro environment and macro environment

81) What is "global marketing" and how does it differ from "regular marketing"? Giving examples of at least one major corporation, explain 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: Easy
Chapter LO: 1
AACSB: Application of knowledge
Course LO: Discuss the fundamental concepts of marketing

82) What is meant by competitive advantage? Explain, giving examples as to how globalization presents companies with unprecedented opportunities to reconfigure themselves.
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 to develop new products, get new ideas, develop markets, expand brand recognition, and eventually profits.
Difficulty: Moderate
Chapter LO: 2
AACSB: Application of knowledge
Course LO: Discuss the fundamental concepts of marketing

83) What are the dimensions of global marketing strategy (GMS) that pertain to marketing management? Explain in detail giving examples.
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: Moderate
Chapter LO: 3
AACSB: Application of knowledge
Course LO: Discuss the fundamental concepts of marketing

84) Describe how the global marketing strategy is different when compared to that of single country marketing.
Answer: In single country marketing, choosing a target market and developing a marketing mix are two important considerations. The same two aspects are also important in global marketing; however, they are viewed from a different perspective. There is standardization or adaptation in each of the marketing mix components in each country where business is conducted. Global marketing strategy has three additional dimensions that pertain to marketing management: concentration of marketing activities, coordination of marketing activities, and integration of competitive moves.
Difficulty: Moderate
Chapter LO: 3
AACSB: Application of knowledge
Course LO: Discuss the fundamental concepts of marketing

85) 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 world-wide 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: Difficult
Chapter LO: 2
AACSB: Application of knowledge
Course LO: Discuss the fundamental concepts of marketing

86) 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: Moderate
Chapter LO: 3
AACSB: Application of knowledge
Course LO: Discuss the fundamental concepts of marketing

87) In an effort to "Americanize" the sound of the Beatles' recordings, a studio effect known as reverb was added to some tracks. From the global marketing perspective, what does this change represent?
Answer: The early albums released in the United Kingdom differed from releases in the United States as well as in other countries. EMI sent master tapes to various countries, often customizing them at the request of the local company. Reverb makes a dry (unprocessed) sound compared to the wetter echo-like sound preferred by Americans. In addition, some of the original mono and stereo tracks were remixed for the American market. Converting it to suit the local market is referred to as both product adaptation and product extension.
Difficulty: Moderate
Chapter LO: 3
AACSB: Application of knowledge
Course LO: Discuss the fundamental concepts of marketing

88) How do ethnocentric orientations of a company differ from polycentric orientations? Give examples of how companies react under both orientations.
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 the managers to believe that consumers all over the world should be able to behave as 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: Moderate
Chapter LO: 5
AACSB: Application of knowledge
Course LO: Discuss the fundamental concepts of marketing

89) 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: Easy
Chapter LO: 6
AACSB: Application of knowledge
Course LO: Discuss the fundamental concepts of marketing

90) List and briefly 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: Moderate
Chapter LO: 6
AACSB: Application of knowledge
Course LO: Discuss the fundamental concepts of marketing