

International Marketing, 18e (Cateora)

Chapter 1 The Scope and Challenge of International Marketing

1) Today, becoming international is a luxury only some companies can afford.

Answer: FALSE

Explanation: For a growing number of companies, being international is no longer a luxury but a necessity for economic survival.

Difficulty: 2 Medium

Topic: Challenges and Opportunities Created by Globalization

Learning Objective: 01-01 The benefits of international markets.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

2) Companies from the Netherlands are the leading group of investors in the United States.

Answer: FALSE

Explanation: Foreign direct investment in the United States is more than \$3 trillion. Companies from the United Kingdom lead the group of investors, with companies from Japan, the Netherlands, Canada, and France following, in that order.

Difficulty: 1 Easy

Topic: Benefits and Challenges of Foreign Direct Investment

Learning Objective: 01-02 The changing face of U.S. business.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

3) International marketing involves selling of a company's goods and services to consumers or users in more than one nation for a profit.

Answer: TRUE

Explanation: International marketing is the performance of business activities designed to plan, price, promote, and direct the flow of a company's goods and services to consumers or users in more than one nation for a profit.

Difficulty: 1 Easy

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-02 The changing face of U.S. business.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

4) The main difference between domestic and international marketing lies in the different concepts of marketing.

Answer: FALSE

Explanation: The difference between domestic and international marketing lies not with different concepts of marketing but with the environment within which marketing plans must be implemented.

Difficulty: 2 Medium

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-02 The changing face of U.S. business.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

5) An international marketer must deal with at least two levels of uncontrollable uncertainty.

Answer: TRUE

Explanation: The international marketer must deal with at least two levels of uncontrollable uncertainty instead of one. Uncertainty is created by the uncontrollable elements of all business environments, but each foreign country in which a company operates adds its own unique set of uncontrollable factors.

Difficulty: 1 Easy

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-03 The scope of the international marketing task.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

6) The geography and infrastructure of a country are uncontrollable factors that influence the business decisions of a company in an international market.

Answer: TRUE

Explanation: The uncontrollable international environment includes political/legal forces, economic forces, competitive forces, level of technology, structure of distribution, geography and infrastructure, and cultural forces.

Difficulty: 1 Easy

Topic: Environmental Analysis and Market Screening

Learning Objective: 01-03 The scope of the international marketing task.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

7) The uncontrollable factors affecting international marketing are limited to political forces, economic climate, and competitive structure.

Answer: FALSE

Explanation: The uncontrollable international environment includes political/legal forces, economic forces, competitive forces, level of technology, structure of distribution, geography and infrastructure, and cultural forces.

Difficulty: 1 Easy

Topic: Environmental Analysis and Market Screening

Learning Objective: 01-03 The scope of the international marketing task.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

8) The level of technology in a country is a controllable element for international marketers.

Answer: FALSE

Explanation: The uncontrollable international environment includes political/legal forces, economic forces, competitive forces, level of technology, structure of distribution, geography and infrastructure, and cultural forces.

Difficulty: 2 Medium

Topic: Environmental Analysis and Market Screening

Learning Objective: 01-03 The scope of the international marketing task.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

9) The uncontrollable factors a company has to deal with decrease with the number of foreign markets in which it operates.

Answer: FALSE

Explanation: The more the foreign markets in which a company operates, the greater is the possible variety of foreign environmental factors with which to contend.

Difficulty: 2 Medium

Topic: Environmental Analysis and Market Screening

Learning Objective: 01-03 The scope of the international marketing task.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

10) The controllable elements for marketers can be altered in the long run and, usually, in the short run to adjust to changing market conditions, consumer tastes, or corporate objectives.

Answer: TRUE

Explanation: The successful manager constructs a marketing program designed for optimal adjustment to the uncertainty of the business climate. The controllable elements can be altered in the long run and, usually, in the short run to adjust to changing market conditions, consumer tastes, or corporate objectives.

Difficulty: 2 Medium

Topic: Challenges and Opportunities Created by Globalization

Learning Objective: 01-03 The scope of the international marketing task.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

11) Political and legal forces, economic climate, and competition are some of the domestic environment's controllable factors.

Answer: FALSE

Explanation: Domestic environment uncontrollable factors include home-country elements that can have a direct effect on the success of a foreign venture: political and legal forces, economic climate, and competition.

Difficulty: 2 Medium

Topic: Challenges and Opportunities Created by Globalization

Learning Objective: 01-03 The scope of the international marketing task.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

12) The foreign policies of a country are one example of a home-country element that has a direct effect on a firm's international marketing success.

Answer: TRUE

Explanation: Domestic environment uncontrollable elements include home-country elements that can have a direct effect on the success of a foreign venture: political and legal forces, economic climate, and competition. A political decision involving foreign policy can have a direct effect on a firm's international marketing success.

Difficulty: 2 Medium

Topic: Challenges and Opportunities Created by Globalization

Learning Objective: 01-03 The scope of the international marketing task.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

13) Abolition of apartheid in South Africa is an example of a positive effect on foreign policy, an uncontrollable element, in an international marketing scenario.

Answer: TRUE

Explanation: Positive effects occur when changes in foreign policy offer countries favored treatment. Such was the case when South Africa abolished apartheid and the embargo was lifted.

Difficulty: 2 Medium

Topic: Challenges and Opportunities Created by Globalization

Learning Objective: 01-03 The scope of the international marketing task.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

14) Commercial contracts with a Chinese company can only be entered into if that company is considered a "legal person."

Answer: TRUE

Explanation: Commercial contracts can be entered into with a Chinese company or individual only if that company or person is considered a "legal person." To be a "legal person" in China, the company or person must have registered as such with the Chinese government.

Difficulty: 1 Easy

Topic: How Resources and Capabilities Influence Competitive Dynamics

Learning Objective: 01-03 The scope of the international marketing task.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

15) The process of evaluating the uncontrollable elements in an international marketing program may involve cultural, political, and economic shock.

Answer: TRUE

Explanation: The process of evaluating the uncontrollable elements in an international marketing program often involves substantial doses of cultural, political, and economic shock.

Difficulty: 1 Easy

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-03 The scope of the international marketing task.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

16) Level of technology typically remains unchanged across countries, making it a fairly controllable factor in international marketing.

Answer: FALSE

Explanation: The level of technology is an uncontrollable element that can often be misread because of the vast differences that may exist between developed and developing countries.

Difficulty: 2 Medium

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-03 The scope of the international marketing task.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

17) Political and legal issues a company may face abroad are mitigated by the "alien status" of the company.

Answer: FALSE

Explanation: Political and legal issues a business faces abroad are often amplified by the "alien status" of the company, which increases the difficulty of properly assessing and forecasting the dynamic international business climate.

Difficulty: 2 Medium

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-03 The scope of the international marketing task.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

18) The political details and the ramifications of political and legal events are often more transparent in a domestic situation than they are in a foreign market.

Answer: TRUE

Explanation: In a domestic situation, political details and the ramifications of political and legal events are often more transparent than they are in some foreign countries. In many foreign countries, corruption may prevail, foreigners may receive unfair treatment, or the laws may be so different from those in the home country that they are misinterpreted.

Difficulty: 2 Medium

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-03 The scope of the international marketing task.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

19) The political/legal environment is a controllable element for international marketers because of their potent ability to lobby and influence legislation in foreign markets.

Answer: FALSE

Explanation: Political/legal forces and the level of technology are two of the uncontrollable aspects of the foreign environment along with economic forces, competitive forces, structure of distribution, geography and infrastructure, and cultural forces.

Difficulty: 1 Easy

Topic: Laws Affecting International Business

Learning Objective: 01-03 The scope of the international marketing task.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

20) The uncontrollable elements of the foreign business environment include the culture.

Answer: TRUE

Explanation: The more significant elements in the uncontrollable international environment include political/legal forces, economic forces, competitive forces, level of technology, structure of distribution, geography and infrastructure, and cultural forces.

Difficulty: 1 Easy

Topic: Environmental Analysis and Market Screening

Learning Objective: 01-03 The scope of the international marketing task.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

21) A foreign company is always subject to the political whims of the local government to a greater degree than a domestic firm.

Answer: TRUE

Explanation: In many foreign countries, corruption may prevail, foreigners may receive unfair treatment, or the laws may be so different from those in the home country that they are misinterpreted. A foreign company is foreign and thus always subject to the political whims of the local government to a greater degree than a domestic firm.

Difficulty: 1 Easy

Topic: Elements of Culture

Learning Objective: 01-03 The scope of the international marketing task.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

22) John refuses to buy Japanese products because he considers this as a way of selling out to a nation that was once our enemy. John is using a self-reference criterion to make his decision.

Answer: TRUE

Explanation: The self-reference criterion is an unconscious reference to one's own cultural values, experiences, and knowledge as a basis for decisions. Closely connected is ethnocentrism, that is, the notion that people in one's own company, culture, or country know best how to do things.

Difficulty: 2 Medium

Topic: Elements of Culture

Learning Objective: 01-04 The importance of the self-reference criterion (SRC) in international marketing.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

23) The self-reference criterion is closely related to collectivism—or the importance of the group.

Answer: FALSE

Explanation: The self-reference criterion is an unconscious reference to one's own cultural values, experiences, and knowledge as a basis for decisions. Closely connected is ethnocentrism, that is, the notion that people in one's own company, culture, or country know best how to do things.

Difficulty: 1 Easy

Topic: Elements of Culture

Learning Objective: 01-04 The importance of the self-reference criterion (SRC) in international marketing.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

24) Renata just ate cookies and, therefore, feels justified in refusing food offered by her Middle Eastern host. In this instance, Renata's self-reference criterion has just saved her from making a cultural blunder.

Answer: FALSE

Explanation: When faced with a problem in another culture, our tendency is to react instinctively and refer to our SRC for a solution. Our reaction, however, is based on meanings, values, symbols, and behavior relevant to our own culture and usually different from those of the foreign culture. Such decisions are often not good ones.

Difficulty: 2 Medium

Topic: Elements of Culture

Learning Objective: 01-04 The importance of the self-reference criterion (SRC) in international marketing.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

25) To avoid errors in business decisions, it is necessary to conduct a cross-cultural analysis that emphasizes the need for ethnocentrism.

Answer: FALSE

Explanation: To avoid errors in business decisions, the knowledgeable marketer will conduct a cross-cultural analysis that isolates the self-reference criterion influences and maintain vigilance regarding ethnocentrism.

Difficulty: 2 Medium

Topic: Elements of Culture

Learning Objective: 01-04 The importance of the self-reference criterion (SRC) in international marketing.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

26) Family reference and upbringing provides a complete basis for understanding one's culture and no additional study is required to become aware of cultural norms and activities.

Answer: FALSE

Explanation: Understanding one's own culture may require additional study, because much of the cultural influence on market behavior remains at a subconscious level and is not clearly defined.

Difficulty: 2 Medium

Topic: Elements of Culture

Learning Objective: 01-04 The importance of the self-reference criterion (SRC) in international marketing.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

27) The most effective approach to build global awareness into an organization is to increase the diversity mix of the employee profile for entry-level jobs.

Answer: FALSE

Explanation: The most effective approach to build global awareness into an organization is to have a culturally diverse senior executive staff or board of directors.

Difficulty: 2 Medium

Topic: Creating a Global Mindset

Learning Objective: 01-05 The increasing importance of global awareness.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

28) Traditional manufacturing companies possess the most favorable factors for doing business internationally.

Answer: FALSE

Explanation: Research has revealed a number of factors favoring faster internationalization: (1) companies with either high-technology or marketing-based resources appear to be better equipped to internationalize than more traditional manufacturing kinds of companies; (2) smaller home markets and larger production capacities appear to favor internationalization; and (3) firms with key managers well networked internationally are able to accelerate the internationalization process.

Difficulty: 2 Medium

Topic: Choosing An International Business Strategy

Learning Objective: 01-06 The progression of becoming a global marketer.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

29) A company in the "no direct foreign marketing" stage of international marketing involvement does not actively cultivate customers outside national boundaries.

Answer: TRUE

Explanation: A company in the stage of "no direct foreign marketing" does not actively cultivate customers outside national boundaries; however, this company's products may reach foreign markets. Sales may be made to trading companies as well as foreign customers who directly contact the firm.

Difficulty: 2 Medium

Topic: Choosing An International Business Strategy

Learning Objective: 01-06 The progression of becoming a global marketer.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

30) The global marketing concept views the marketplace as consisting of one primary domestic market that is complimented by several smaller regional markets.

Answer: FALSE

Explanation: At the global marketing stage of international marketing involvement, companies treat the world, including their home market, as one market.

Difficulty: 1 Easy

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-06 The progression of becoming a global marketer.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

31) What is one of the most dynamic trends that is affecting current global business strategies?

A) the trend toward buying American cars in Europe

B) the trend toward the acceptance of the free market system among developing countries

C) the trend toward using English as the global language

D) the trend toward establishing a world currency

E) the trend toward providing aid to developing and less developed nations

Answer: B

Explanation: Of all the events and trends affecting global business today, four stand out as the most dynamic, the ones that will influence the shape of international business beyond today's "bumpy roads" and far into the future: (1) the rapid growth of the World Trade Organization and regional free trade areas such as the North American Free Trade Area and the European Union; (2) the trend toward the acceptance of the free market system among developing countries in Latin America, Asia, and eastern Europe; (3) the burgeoning impact of the Internet, mobile phones, and other global media on the dissolution of national borders; and (4) the mandate to manage the resources and global environment properly for the generations to come.

Difficulty: 1 Easy

Topic: Economic Development

Learning Objective: 01-01 The benefits of international markets.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

32) What event spurred the final downfall of the U.S. economy in 2008 when world trade experienced its deepest decline in more than 50 years?

- A) The stock market ended at a record high.
- B) The U.S. and Cuba joined forces.
- C) The Senate and House failed to compromise on interest rates.
- D) The housing market collapsed.
- E) The voters elected a third-party candidate.

Answer: D

Explanation: Lower government interest rates had yielded a refinancing stampede, distributing the cash that fueled the consumer spending, which finally began flagging in early 2008. Then in September and October of that year, the housing bubble burst, and the world financial system teetered on collapse. The ever faithful American consumer stopped buying, and world trade experienced its deepest decline in more than 50 years, a drop of 11.0 percent.

Difficulty: 2 Medium

Topic: The Changing Nature of the Global Economy

Learning Objective: 01-01 The benefits of international markets.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

33) How has globalization impacted domestic markets in the United States?

- A) Companies with only domestic markets have been able to sustain their customary rates of growth.
- B) Multinational companies are making more profits from their domestic operations compared to their earnings from the foreign markets.
- C) Only multinational companies with large production facilities have outperformed their strictly domestic U.S. counterparts.
- D) The domestic companies have reduced their manufacturing employment more than U.S. multinationals.
- E) Multinational manufacturing companies in all industries and sizes have outperformed their domestic counterparts.

Answer: E

Explanation: Companies with only domestic markets have found increasing difficulty in sustaining their customary rates of growth, and many are seeking foreign markets in which to expand. Companies with foreign operations find that foreign earnings are making an important overall contribution to total corporate profits. Multinationals of all sizes and in all industries outperformed their strictly domestic U.S. counterparts. Furthermore, U.S. multinationals reduced their manufacturing employment, both at home and abroad, more than domestic companies.

Difficulty: 2 Medium

Topic: The Changing Nature of the Global Economy

Learning Objective: 01-02 The changing face of U.S. business.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

34) What is an essential requirement for experienced, as well as new, firms to succeed in international markets?

- A) adhering strictly to their traditional methods of production and operations
- B) focusing primarily on their production to exclusively meet domestic demand
- C) venturing into multiple markets by investing in all of them at once
- D) committing themselves completely to foreign markets
- E) having beneficial relations with lobbyists of foreign markets

Answer: D

Explanation: For firms venturing into international marketing for the first time and for those already experienced, the requirement is generally the same: a thorough and complete commitment to foreign markets and, for many, new ways of operating.

Difficulty: 2 Medium

Topic: Basic Decisions for Entering Foreign Markets

Learning Objective: 01-02 The changing face of U.S. business.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

35) Jason's department is responsible for the business activities designed to plan, price, promote, and direct the flow of his company's small appliance products to consumers in various nations around the world for a profit. What is his department in charge of?

- A) internal marketing
- B) importing
- C) performance appraisal
- D) international marketing
- E) domestic trade

Answer: D

Explanation: International marketing is the performance of business activities designed to plan, price, promote, and direct the flow of a company's goods and services to consumers or users in more than one nation for a profit.

Difficulty: 2 Medium

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-02 The changing face of U.S. business.

Bloom's: Apply

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

36) What is considered the most critical difference between domestic marketing and international marketing?

- A) the difference in marketing principles being followed
- B) the different concepts of marketing
- C) the difference in marketing theories being followed
- D) the environment in which marketing plans must be implemented
- E) the basic processes used to market products and services

Answer: D

Explanation: The difference lies not with different concepts of marketing but with the environment within which marketing plans must be implemented. The uniqueness of foreign marketing comes from the range of unfamiliar problems and the variety of strategies necessary to cope with different levels of uncertainty encountered in foreign markets.

Difficulty: 2 Medium

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-02 The changing face of U.S. business.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

37) Marketers must be especially cognizant of _____ for both domestic and international markets because of the dominantly uncontrollable nature of this factor.

- A) price
- B) promotion
- C) research activities
- D) political/legal forces
- E) channels of distribution

Answer: D

Explanation: Political/legal forces represent the uncontrollable element that domestic and international marketers need to consider. Price, promotion, research activities, and channels of distribution are all controllable elements for international marketers.

Difficulty: 2 Medium

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-03 The scope of the international marketing task.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

38) _____ is a controllable element for an international marketer.

- A) Level of technology
- B) Geography and infrastructure
- C) Channels-of-distribution
- D) Cultural forces
- E) Competitive forces

Answer: C

Explanation: Channels-of-distribution represent a controllable element for an international marketer. The controllable elements can be altered in the long run and, usually, in the short run to adjust to changing market conditions, consumer tastes, or corporate objectives.

Difficulty: 2 Medium

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-03 The scope of the international marketing task.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

39) What is an uncontrollable element for an international marketer?

- A) firm characteristics
- B) channels-of-distribution
- C) price
- D) research
- E) level of technology

Answer: E

Explanation: The uncontrollable elements of the foreign environment are political/legal forces, economic forces, competitive forces, level of technology, structure of distribution, geography and infrastructure, and cultural forces. Refer to Exhibit 1.3 The International Marketing Task.

Difficulty: 2 Medium

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-03 The scope of the international marketing task.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

40) For an international marketer, the _____ can be altered in the long run and, usually, in the short run to adjust to changing market conditions, consumer tastes, or corporate objectives.

- A) competitive structure
- B) economic climate
- C) structure of distribution
- D) environmental factors
- E) controllable elements

Answer: E

Explanation: The controllable elements can be altered in the long run and, usually, in the short run to adjust to changing market conditions, consumer tastes, or corporate objectives. The controllable elements include product, price, promotion, distribution, and research activities.

Difficulty: 1 Easy

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-03 The scope of the international marketing task.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

41) Ian works for a sports equipment manufacturer in Boston and is responsible for shipping products across the United States. What is one factor that would be uncontrollable for Ian?

- A) firm characteristics
- B) competitive structure
- C) channels of distribution
- D) price of the product
- E) promotional measures

Answer: B

Explanation: Competitive forces, political/legal forces, and economic climate are the three domestic uncontrollable elements in marketing. Price, promotion, firm characteristics, and channels of distribution are all controllable elements for international marketers.

Difficulty: 2 Medium

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-03 The scope of the international marketing task.

Bloom's: Apply

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

- 42) Which political action is most likely to favor international marketing?
- A) placing trade embargoes on Cuba owing to widespread political instability in the country
 - B) the U.S. government placing a trade ban on Libya owing to rampant terrorism
 - C) South Africa abolishing apartheid and the U.S. lifting the embargo
 - D) tariff hike for imports established by China
 - E) the U.S. government coupling human rights issues with foreign trade policy

Answer: C

Explanation: A political decision involving foreign policy can have a direct effect on a firm's international marketing success. Conversely, positive effects occur when changes in foreign policy offer countries favored treatment.

Difficulty: 2 Medium

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-03 The scope of the international marketing task.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

- 43) What is an accurate description of the relationship between international business and domestic business?
- A) The domestic economic climate has no effect on a company's competitive position in foreign markets.
 - B) Domestic businesses must focus on capital mobility toward international businesses before capital generation.
 - C) Countries must not restrict foreign investment even if domestic economic conditions deteriorate.
 - D) The ability to invest abroad is to a large extent a function of domestic economic vitality.
 - E) Domestic businesses are more viable than international businesses as capital tends to move toward minimum use.

Answer: D

Explanation: The capacity to invest in plants and facilities, either in domestic or foreign markets, is to a large extent a function of domestic economic vitality. It is generally true that capital tends to flow toward optimum uses; however, capital must be generated before it can have mobility.

Difficulty: 2 Medium

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-03 The scope of the international marketing task.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

44) How can "alien status" unfavorably affect a company?

- A) prejudiced treatment by the host country's politicians and legal authorities
- B) an inflated balance of trade
- C) a sharp rise in domestic and international demand
- D) lower trade tariffs in the host country
- E) an economic situation of the magnitude of the Great Depression

Answer: A

Explanation: The "alien status" of a business means that, when viewed as an outsider, it can be seen as an exploiter and receive prejudiced or unfair treatment at the hands of politicians, legal authorities, or both.

Difficulty: 2 Medium

Topic: Managing Political Risk and Differences

Learning Objective: 01-03 The scope of the international marketing task.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

45) With respect to the environment in which a business operates, factors such as competition, political and legal forces, and economic climate would all be classified as

- A) controllable elements.
- B) uncontrollable elements.
- C) tractable elements.
- D) demographic elements.
- E) cultural elements.

Answer: B

Explanation: With respect to the environment in which a business operates, factors such as competition, political and legal forces, economic climate would all be classified as uncontrollable elements. Refer to Exhibit 1.3 The International Marketing Task.

Difficulty: 2 Medium

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-03 The scope of the international marketing task.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

46) _____ is a controllable element in both domestic and international marketing environments.

- A) Economic climate
- B) Competition within the home country
- C) Price of products
- D) Political force
- E) Foreign policy

Answer: C

Explanation: Price is a controllable element in both domestic and international marketing. Factors such as competition, political and legal forces, and economic climate would all be classified as uncontrollable elements.

Difficulty: 1 Easy

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-03 The scope of the international marketing task.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

47) The marketing tasks of an international marketer differ from that of a domestic marketer as the

- A) international marketer has fewer uncontrollable elements to deal than a domestic marketer.
- B) level of technology and cultural forces are controllable elements for the international marketer.
- C) structure of distribution is an uncontrollable element for the international marketer.
- D) competitive structure is one of the controllable factors for an international marketer.
- E) international marketer is less concerned about geography and infrastructure than the domestic marketer.

Answer: C

Explanation: The uncontrollable elements of the foreign environment are political/legal forces, economic forces, competitive forces, level of technology, structure of distribution, geography and infrastructure, and cultural forces.

Difficulty: 2 Medium

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-03 The scope of the international marketing task.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

48) Kelly Reeves is in charge of a new marketing effort directed toward Peru. In order for her company to market effectively and distribute to all of Peru's major cities, Kelly must devise a logistics plan for crossing the Andes Mountains on a daily basis. Which of these foreign environment uncontrollable variables would be a chief concern as Kelly devises her firm's logistics plan?

- A) price
- B) product
- C) geography and infrastructure
- D) promotional strategies
- E) channels of distribution

Answer: C

Explanation: Geography and infrastructure will be a chief concern for Kelly in devising a logistics plan to extend marketing across the Andes. The uncontrollable elements of the foreign environment are political/legal forces, economic forces, competitive forces, level of technology, structure of distribution, geography and infrastructure, and cultural forces.

Difficulty: 3 Hard

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-03 The scope of the international marketing task.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

49) Compared to the foreign environment variables, which of the following uncontrollable variables is *least* likely to affect a domestic marketer?

- A) political forces
- B) competitive structure
- C) economic climate
- D) cultural forces
- E) legal forces

Answer: D

Explanation: Cultural forces are not included as an uncontrollable element for the domestic marketer, while they constitute an uncontrollable element for the international marketer.

Difficulty: 1 Easy

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-03 The scope of the international marketing task.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

50) Angelica Wu is preparing a marketing plan for her company for the upcoming year's business activities. She knows that she should begin her plan by examining the variables she has some control over. These controllable variables would include price, product, channels-of-distribution, and

- A) level of technology.
- B) political forces.
- C) competition.
- D) economic climate.
- E) promotion.

Answer: E

Explanation: Angelica Wu would include the variable of promotion while preparing a marketing plan for her company as it is a controllable variable. Price, product, promotion, research, firm characteristics, channels of distribution, and research are the controllable elements for a domestic marketer. Refer to Exhibit 1.3 The International Marketing Task.

Difficulty: 3 Hard

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-03 The scope of the international marketing task.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

51) M&G Inc., a company producing musical instruments, had dominated its home market for several years before venturing into international markets. The company was focusing more on international operations until Beige N, a German company in the same business, entered its home market. Beige N started selling good quality products at prices much lower than M&G's and affected its sales adversely. Which of the following elements in the marketing environment has affected the business of M&G Inc. with the market entry of Beige N?

- A) level of technology
- B) structure of distribution
- C) competition in the domestic market
- D) cultural forces
- E) promotion of the product

Answer: C

Explanation: The entry of Beige N into the domestic market has brought about competition for M&G Inc. Competition within the home country can have a profound effect on the international marketer's task.

Difficulty: 3 Hard

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-03 The scope of the international marketing task.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

52) Shondra McDonald, a marketing manager at a hearing aid manufacturing firm, is asked to review the marketing opportunities of her company in a foreign market. She is aware that she can modify certain elements of the marketing environment to suit the foreign market needs. She focuses her attention on the uncontrollable factors that might affect the firm's business prospects. Which of the following uncontrollable elements is most likely to affect the company's business prospects in the foreign market?

- A) pricing policies in the domestic market
- B) research methodologies used by her company
- C) promotional activities required to market the product
- D) level of technology in the targeted market
- E) product distribution channels adopted by his company

Answer: D

Explanation: The level of technology is different for different countries. Being an uncontrollable element, it is most likely to affect the hearing aid manufacturing firm's business in the foreign market. The uncontrollable elements in an international environment include political/legal forces, economic forces, competitive forces, level of technology, structure of distribution, geography and infrastructure, and cultural forces. These forces constitute the principal elements of uncertainty an international marketer must cope with in designing a marketing program.

Difficulty: 3 Hard

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-03 The scope of the international marketing task.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

53) The uncontrollable issue of _____ faced by a company abroad is often amplified by the "alien status" of the company, which increases the difficulty of properly assessing and forecasting the dynamic international business climate.

- A) research
- B) channel of distribution
- C) product specification
- D) politics
- E) product promotion

Answer: D

Explanation: Political and legal issues face a business, whether it operates at home or in a foreign country. However, the issues abroad are often amplified by the "alien status" of the company, which increases the difficulty of properly assessing and forecasting the dynamic international business climate.

Difficulty: 1 Easy

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-03 The scope of the international marketing task.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

54) Which scenario best illustrates the political and legal issues faced by companies because of their "alien status" when they attempt to do business in foreign countries?

- A) a company doing moderate business in international markets because of violent history of its home country
- B) a company being forced by the local government to share its core competencies in order to continue doing business
- C) a product not being widely accepted in the foreign market because of its irrelevance to the customers
- D) a company utilizing an identical promotional campaign it used in the domestic country
- E) a company not succeeding in a foreign market because its product pricing is above the purchasing power of the local customers

Answer: B

Explanation: The "alien status" of a foreign business has two dimensions: It is alien in that foreigners control the business and in that the culture of the host country is alien to management. The alien status of a business means that, when viewed as an outsider, it can be seen as an exploiter and receive prejudiced or unfair treatment at the hands of politicians, legal authorities, or both.

Difficulty: 3 Hard

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-03 The scope of the international marketing task.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

55) Adaptation on the part of an international marketer is best described as

- A) a conscious effort to make themselves aware of the home cultural reference in their analyses and decision making.
- B) a conscious effort to anticipate the influences of both the foreign and domestic uncontrollable factors on a marketing mix and then to adjust the marketing mix to minimize the effects.
- C) the notion that people in one's own company or country know best how to do things.
- D) the process of identifying the similarities that exists between the domestic and foreign markets.
- E) an unconscious reference to one's own cultural values, experiences, and knowledge as a basis for decisions and then to adjust the marketing mix in order to closely reflect these decisions.

Answer: B

Explanation: Adaptation is a conscious effort on the part of an international marketer to anticipate the influences of both the foreign and domestic uncontrollable factors on a marketing mix and then to adjust the marketing mix to minimize the effects.

Difficulty: 1 Easy

Topic: The Role of the Marketing Mix in International Marketing

Learning Objective: 01-03 The scope of the international marketing task.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

56) A natural off shoot of a person's self-reference criterion is _____ that also creates a concern for the international marketer.

- A) sympathy
- B) self-actualization
- C) ethnocentrism
- D) empathy
- E) collectivism

Answer: C

Explanation: The primary obstacles to success in international marketing are a person's self-reference criterion (SRC) and an associated ethnocentrism. The SRC is an unconscious reference to one's own cultural values, experiences, and knowledge as a basis for decisions

Difficulty: 2 Medium

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-04 The importance of the self-reference criterion (SRC) in international marketing.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

57) _____ is an unconscious reference to one's own cultural values, experiences, and knowledge as a basis for decisions.

- A) Xenocentrism
- B) Holism
- C) Self-reference criterion
- D) Segregation
- E) Orientalism

Answer: C

Explanation: The self-reference criterion is an unconscious reference to one's own cultural values, experiences, and knowledge as a basis for decisions

Difficulty: 1 Easy

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-04 The importance of the self-reference criterion (SRC) in international marketing.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

58) People seldom stop to think about a reaction; they simply react. Thus, when faced with a problem in another culture, their tendency is to react instinctively and refer to their _____ for a solution.

- A) self-space principle
- B) segregation principle
- C) integration criterion
- D) space command criterion
- E) self-reference criterion

Answer: E

Explanation: When confronted with a set of facts, a person reacts spontaneously on the basis of knowledge assimilated over a lifetime—knowledge that is a product of the history of his or her culture. Seldom stopping to think about a reaction, a person simply reacts. Thus, when faced with a problem in another culture, the tendency is to react instinctively and refer to his or her self-reference criterion for a solution. A person's reaction, however, is based on meanings, values, symbols, and behavior relevant to his or her own culture and usually different from those of the foreign culture.

Difficulty: 1 Easy

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-04 The importance of the self-reference criterion (SRC) in international marketing.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

59) Parul believes that her culture and country know how to do things best and she looks down on the cultural habits of other countries. What is Parul exhibiting?

- A) differentiation
- B) marketing myopia
- C) ethnocentrism
- D) multiculturalism
- E) pluralism

Answer: C

Explanation: Ethnocentrism is the notion that people in one's own company, culture, or country know best how to do things

Difficulty: 2 Medium

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-04 The importance of the self-reference criterion (SRC) in international marketing.

Bloom's: Apply

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

60) What characteristic would impede the ability of a person to assess a foreign market in its true light?

- A) polycentrism
- B) pluralism
- C) xenocentrism
- D) ethnocentrism
- E) relativism

Answer: D

Explanation: Ethnocentrism is the notion that people in one's own company, culture, or country know best how to do things. Ethnocentrism is generally a problem when managers from affluent countries work with managers and markets in less affluent countries. It impedes the ability to assess a foreign market in its true light.

Difficulty: 2 Medium

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-04 The importance of the self-reference criterion (SRC) in international marketing.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

61) Brett, who is from Ohio, has taken a job in Thailand. Last week, he was confronted with a personnel issue and resolved it by saying that "In the U.S., you would be given one warning and then fired for this type of behavior." Brett did not take into account that company standards might differ in Thailand and the employee was acting appropriately. Which obstacle to international marketing does this demonstrate?

- A) collectivism
- B) self-reference criterion
- C) tragedy of the commons
- D) individualism
- E) marketing myopia

Answer: B

Explanation: The primary obstacles to success in international marketing are a person's self-reference criterion (SRC) and an associated ethnocentrism. The SRC is an unconscious reference to one's own cultural values, experiences, and knowledge as a basis for decisions.

Difficulty: 2 Medium

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-04 The importance of the self-reference criterion (SRC) in international marketing.

Bloom's: Apply

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

62) The most effective way to control the influence of ethnocentrism and the self-reference criterion is to

- A) reduce interaction with a culturally diverse audience.
- B) design products and services in a traditional manner.
- C) recognize their effects on our behavior.
- D) learn at least two foreign languages to understand the cultural differences.
- E) establish beneficial relations with the host country's government.

Answer: C

Explanation: The most effective way to control the influence of ethnocentrism and the self-reference criterion is to recognize their effects on our behavior. An awareness of the need to be sensitive to differences and to ask questions when doing business in another culture can help you avoid many of the mistakes possible in international marketing.

Difficulty: 2 Medium

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-04 The importance of the self-reference criterion (SRC) in international marketing.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

63) To avoid errors in business decisions, it is necessary to conduct a cross-cultural analysis that isolates the self-reference criterion (SRC) influences. What is the first step in this analysis?

- A) redefining the problem without the SRC influence
- B) solving the problem for the optimum business goal situation
- C) isolating the SRC influence in the problem
- D) defining the business problem or goal in home-country cultural traits, habits, or norms
- E) examining the isolated SRC influence to see how it complicates the problem

Answer: D

Explanation: Defining the business problem or goal in home-country cultural traits, habits, or norms is the first step provided in the analysis framework to avoid errors in business decisions owing to SRC.

Difficulty: 1 Easy

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-04 The importance of the self-reference criterion (SRC) in international marketing.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

- 64) Why does understanding one's own culture require additional study?
- A) to find out why cultural traits in one's own country does not affect market behavior
 - B) because much of the cultural influence on market behavior is at the subconscious level
 - C) since without which, understanding the cultural traits of one's own country is impossible
 - D) because an average manager must have extensive cultural knowledge of all countries in the world
 - E) because cultural influence on one's own market behavior is generally minimal

Answer: B

Explanation: Understanding one's own culture may require additional study, because much of the cultural influence on market behavior remains at a subconscious level and is not clearly defined.

Difficulty: 2 Medium

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-04 The importance of the self-reference criterion (SRC) in international marketing.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

- 65) A globally aware manager is characterized by
- A) using one's home culture's values alone to market one's products in foreign countries
 - B) accepting the cultural ways of another individual as his or her own
 - C) tolerating cultural differences and allowing others to be different and equal
 - D) discarding one's home culture's standards to adopt the global cultural standards
 - E) controlling any influences that the global cultural standards may have on the marketing process

Answer: C

Explanation: Tolerance is understanding cultural differences and accepting and working with others whose behaviors may be different from yours. You do not have to accept as your own the cultural ways of another, but you must allow others to be different and equal.

Difficulty: 2 Medium

Topic: Elements of Culture

Learning Objective: 01-05 The increasing importance of global awareness.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

66) Tomas is a manager at a frozen food company and wants to understand the way people in different countries think and act so that the company can respond to their needs appropriately. What is the best aid he can use to accomplish this?

- A) a sound financial background
- B) better political connections
- C) an understanding of foreign investment opportunities
- D) an understanding of macroeconomics
- E) knowledge of the foreign country's history

Answer: E

Explanation: Knowledge of history is important because the way people think and act is influenced by their history. For example, some Latin Americans' reluctance toward foreign investment or Chinese reluctance to open completely to outsiders can be understood better if you have a historical perspective.

Difficulty: 2 Medium

Topic: Elements of Culture

Learning Objective: 01-05 The increasing importance of global awareness.

Bloom's: Apply

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

67) What is the most effective way to achieve organizational global awareness?

- A) hiring entry-level employees based on the sole criterion of global awareness
- B) organizing frequent employee trips to foreign cultures to increase their sensitivity
- C) increasing the diversity mix of the front-level employee profile
- D) having a culturally diverse senior executive staff or board of directors
- E) promoting social networking as a means to improve inter-cultural communication

Answer: D

Explanation: Global awareness can be obtained through personal relationships in other countries. But perhaps the most effective approach is to have a culturally diverse senior executive staff or board of directors.

Difficulty: 2 Medium

Topic: Elements of Culture

Learning Objective: 01-05 The increasing importance of global awareness.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

68) Which firm seems better equipped for internationalization?

- A) a firm that sells its products only to those foreign customers who directly contact the firm
- B) a firm that has a production capacity that is larger than home market demand
- C) a firm that focuses its production activities on meeting the demands in the home market
- D) a firm that has a culturally diverse employee profile but few competitive offerings at the global level
- E) a firm that has little intention of maintaining a continuous market representation

Answer: B

Explanation: One of the factors favoring faster internationalization is smaller home markets and larger production capacities. Many companies begin tentatively in international marketing, growing as they gain experience and gradually changing strategy and tactics as they become more committed.

Difficulty: 2 Medium

Topic: Choosing An International Business Strategy

Learning Objective: 01-06 The progression of becoming a global marketer.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

69) Which firm has a better chance of accelerating the internationalization process?

- A) Box-Co has key managers well-networked internationally.
- B) Ironworks International uses more traditional manufacturing practices.
- C) Piano Plus primarily focuses all its operations and production capacities to meet the domestic market needs.
- D) Animal Awareness and Action refrains from using the Internet as its major communication platform.
- E) Kenilworth Karts has larger home markets and smaller production capacities.

Answer: A

Explanation: Firms with key managers well-networked internationally are able to accelerate the internationalization process.

Difficulty: 2 Medium

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-06 The progression of becoming a global marketer.

Bloom's: Apply

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

- 70) When considering the stages of international marketing involvement, it is important to remember that
- A) a firm essentially progresses through the stages in a linear order.
 - B) the international marketing stage is a direct result of temporary surpluses caused by variations in production levels or demand.
 - C) a larger home market with a smaller production base favors internationalization.
 - D) a firm may be in more than one stage simultaneously.
 - E) at the global marketing level, a firm focuses on market segmentation based on geographical borders.

Answer: D

Explanation: Though presented in a linear fashion, it cannot be inferred that a firm progresses from one stage to another; quite to the contrary, a firm may begin its international involvement at any one stage or be in more than one stage simultaneously.

Difficulty: 2 Medium

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-06 The progression of becoming a global marketer.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

- 71) In the context of stages of international marketing involvement, a company's product reaches a foreign market without any conscious effort on the part of a marketer during which stage of the process?
- A) infrequent foreign marketing stage
 - B) regular foreign marketing stage
 - C) no direct foreign marketing stage
 - D) international marketing stage
 - E) global marketing stage

Answer: C

Explanation: A company in the no direct foreign marketing stage does not actively cultivate customers outside national boundaries; however, this company's products may reach foreign markets. Sales may be made to trading companies as well as foreign customers who directly contact the firm

Difficulty: 1 Easy

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-06 The progression of becoming a global marketer.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

72) Watson's, a firm that specializes in dog food and grooming products, has a very well-established domestic market. The company does not actively sell its products outside national borders but provides goods to customers who contact them directly or place orders with them through the Internet. Watson's is currently in the _____ stage of international marketing involvement.

- A) frequent foreign marketing
- B) active foreign marketing
- C) global marketing
- D) regular foreign marketing
- E) no direct foreign marketing

Answer: E

Explanation: Watson's does not actively cultivate customers outside national boundaries; however, the company's products may reach foreign markets. Therefore, it is in the no direct foreign marketing stage of international marketing involvement. In this stage, sales may be made to trading companies as well as foreign customers who directly contact a firm. As companies develop websites on the Internet, many receive orders from international Internet users

Difficulty: 3 Hard

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-06 The progression of becoming a global marketer.

Bloom's: Apply

AACSB: Knowledge Application

Accessibility: Keyboard Navigation

73) While Heidi's company does not typically sell internationally, they have a temporary surplus in the small appliances they manufacture and decide to promote them in other countries. Which stage of international marketing involvement does this represent?

- A) infrequent foreign marketing stage
- B) regular foreign marketing stage
- C) no direct foreign marketing stage
- D) international marketing stage
- E) global marketing stage

Answer: A

Explanation: Temporary surpluses caused by variations in production levels or demand may result in infrequent marketing overseas. The surpluses are characterized by their temporary nature; therefore, sales to foreign markets are made as goods become available with little or no intention of maintaining continuous market representation.

Difficulty: 3 Hard

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-06 The progression of becoming a global marketer.

Bloom's: Apply

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

74) Natasha's company seeks markets all over the world and attempts to sell products that are a result of planned production for markets in various countries. Which stage best characterizes the stage of international marketing involvement for Natasha's company?

- A) infrequent foreign marketing
- B) domestic marketing
- C) no direct foreign marketing
- D) international marketing
- E) internal marketing

Answer: D

Explanation: Natasha's company seeks markets all over the world and sells products that are a result of planned production for markets in various countries. Therefore, it is in the international marketing stage. Companies in the international marketing stage are fully committed to and involved in international marketing activities.

Difficulty: 3 Hard

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-06 The progression of becoming a global marketer.

Bloom's: Apply

AACSB: Knowledge Application

Accessibility: Keyboard Navigation

75) Marta's company treats the world, including the home market in Spain, as one market. Market segmentation decisions no longer focus on national borders. Instead, market segments are defined by income levels, usage patterns, and other factors that span countries and regions. Which of the following stages best characterizes the stage of international marketing involvement for Marta's company?

- A) infrequent foreign marketing
- B) test marketing
- C) no direct foreign marketing
- D) internal marketing
- E) global marketing

Answer: E

Explanation: Marta's company is in the global marketing stage of international marketing involvement as it treats the world, including their home market, as one market. Market segmentation decisions are no longer focused on national borders.

Difficulty: 3 Hard

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-06 The progression of becoming a global marketer.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

76) Kentax Corporation makes industrial cleaning products and decides to enter the international marketing arena by marketing its products to China, Japan, and South Korea, with separate marketing strategies for each country. Which of the following approaches is most likely used by Kentax Corporation to formulate its international policies and strategies?

- A) domestic market extension
- B) multidomestic market
- C) mass marketing
- D) regional marketing
- E) standardized marketing

Answer: B

Explanation: Kentax Corporation is fully committed to and involved in international marketing activities with a multidomestic strategy. Such companies seek markets all over the world and sell products that are a result of planned production for markets in various countries.

Difficulty: 3 Hard

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-06 The progression of becoming a global marketer.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

77) What factor is favorable when determining whether or not a company should consider internationalization efforts?

- A) A company currently has large home markets but smaller production capacities.
- B) A company has home country managers who have never worked outside of the home country.
- C) A company wants to pair with an existing international company to access technology.
- D) A company has minimal storage and transportation capabilities.
- E) A company has high-technology resources already in place.

Answer: E

Explanation: Research has revealed a number of factors favoring faster internationalization: (1) Companies with either high-technology and/or marketing-based resources appear to be better equipped to internationalize than more traditional manufacturing kinds of companies; (2) smaller home markets and larger production capacities appear to favor internationalization; and (3) firms with key managers well networked internationally are able to accelerate the internationalization process.

Difficulty: 2 Medium

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-06 The progression of becoming a global marketer.

Bloom's: Apply

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

78) What is true of firms in the first two stages of international marketing involvement—no direct foreign marketing and infrequent foreign marketing?

- A) They do not begin internationalization at these stages.
- B) They take a strategic approach to decision making regarding international expansion.
- C) They are more reactive in nature and embark on internationalization without planning.
- D) They intend to maintain a continuous market representation in foreign markets.
- E) They are a result of dedicated production capacity maintained for foreign markets.

Answer: C

Explanation: The first two stages of international marketing involvement are more reactive in nature and often do not represent careful strategic thinking about international expansion.

Difficulty: 2 Medium

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-06 The progression of becoming a global marketer.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

79) In what stage of international marketing involvement do companies primarily focus all their operations and production to service domestic market needs, even though they have a permanent productive capacity devoted to the production of goods to be marketed in foreign markets?

- A) no direct foreign marketing
- B) internal marketing
- C) regular foreign marketing
- D) international marketing
- E) financial marketing

Answer: C

Explanation: At the regular foreign marketing level, the firm has permanent productive capacity devoted to the production of goods and services to be marketed in foreign markets. The primary focus of operations and production is to service domestic market needs.

Difficulty: 1 Easy

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-06 The progression of becoming a global marketer.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

- 80) In the infrequent foreign marketing stage of international marketing involvement, firms
- A) sell products that are a result of planned production in markets in various countries.
 - B) no longer make market segmentation decisions on the basis of national borders.
 - C) have a global perspective and view the entire world as one market.
 - D) have more than half their sales revenues coming from international markets.
 - E) have no intention of maintaining continuous market representation in foreign markets.

Answer: E

Explanation: Temporary surpluses caused by variations in production levels or demand may result in infrequent marketing overseas. The surpluses are characterized by their temporary nature; therefore, sales to foreign markets are made as goods become available, with little or no intention of maintaining continuous market representation.

Difficulty: 2 Medium

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-06 The progression of becoming a global marketer.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

- 81) A firm that is involved with the international marketing stage of marketing involvement will
- A) have its primary focus of operations and production on servicing domestic market needs.
 - B) reduce foreign sales activity.
 - C) consider profit expectations from foreign markets as a bonus in addition to regular domestic profits.
 - D) plan both marketing and production of goods outside the home market.
 - E) consider international marketing only when there is a surplus of goods.

Answer: D

Explanation: Companies in the international marketing stage are fully committed to and involved in international marketing activities. Such companies seek markets all over the world and sell products that are a result of planned production for markets in various countries. This planning generally entails not only the marketing but also the production of goods outside the home market.

Difficulty: 2 Medium

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-06 The progression of becoming a global marketer.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

- 82) What is the most profound change for firms at the global marketing stage of internationalization?
- A) More than half of the multinational firm's revenue is generated from domestic markets.
 - B) Sales to foreign markets are made as and when goods become available.
 - C) Temporary surpluses marketed in foreign markets is the only element of internationalization.
 - D) Companies treat the world, along with home market, as one market.
 - E) Domestic demand always exceeds the firm's production capacity.

Answer: D

Explanation: At the global marketing level, the most profound change is the orientation of the company toward markets and associated planning activities. At this stage, companies treat the world, including their home market, as one market.

Difficulty: 2 Medium

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-06 The progression of becoming a global marketer.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

- 83) Which one of the following firms/products reflects a global marketing orientation?
- A) skin-care products aimed at African American women
 - B) a company promoting Latino jazz musicals
 - C) a firm producing highly cost-effective and durable computers to attract students and young people under 25
 - D) a famous restaurant in Singapore specializing in Eurasian fusion food
 - E) a Japanese to English translation software

Answer: C

Explanation: For a firm with a global marketing orientation, market segmentation decisions are no longer focused on national borders. Instead, market segments are defined by income levels, usage patterns, or other factors that frequently span countries and regions.

Difficulty: 3 Hard

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-06 The progression of becoming a global marketer.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

84) For a company at the _____ stage of internationalization, market segments are defined by income levels, usage patterns, or other factors that frequently span countries and regions.

- A) domestic market extension
- B) no direct foreign marketing
- C) global marketing
- D) internal marketing
- E) infrequent foreign marketing

Answer: C

Explanation: At the global marketing stage of internationalization, market segmentation decisions are no longer focused on national borders. Instead, market segments are defined by income levels, usage patterns, or other factors that frequently span countries and regions.

Difficulty: 1 Easy

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-06 The progression of becoming a global marketer.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

85) Describe the four trends that have been pointed to as influencers for the role of international business for the future. Explain how these four trends will affect international business.

Answer: Of all the events and trends affecting global business today, four stand out as the most dynamic, the ones that will influence the shape of international business far into the future. These are: (1) the rapid growth of the World Trade Organization and new free trade agreements around the world; (2) the trend toward the acceptance of the free market system among developing countries in Latin America, Asia, and eastern Europe; (3) the burgeoning impact of the Internet, mobile phones, and other global media on the dissolution of national borders; and, (4) the mandate to properly manage the resources and global environment for the generations to come.

Difficulty: 3 Hard

Topic: Challenges and Opportunities Created by Globalization

Learning Objective: 01-01 The benefits of international markets.

Bloom's: Apply

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

86) Discuss some of the U.S.-based companies that are now foreign controlled and describe how U.S. companies have been affected by this.

Answer: Student examples may vary. Many familiar U.S. companies are now foreign controlled or headed in that direction. When you drop in at a 7-Eleven convenience store or buy Firestone tires, you are buying directly from Japanese companies. Some well-known brands no longer owned by U.S. companies are Carnation (Swiss), *The Wall Street Journal* (Australian), and the all-American Smith & Wesson handgun that won the U.S. West, which is owned by a British firm. The last U.S.-owned company to manufacture TV sets was Zenith, but even it was acquired by South Korea's LG Electronics Inc., which manufactures TVs and other products. Pearle Vision, Universal Studios, and many more are currently owned or controlled by foreign multinational businesses (see Exhibit 1.1). Foreign direct investment in the United States is more than \$3 trillion. Companies from the United Kingdom lead the group of investors, with companies from the Japan, the Netherlands, Canada, and France following, in that order. Once the private domain of domestic businesses, the vast U.S. market that provided an opportunity for continued growth must now be shared with a variety of foreign companies and products. Companies with only domestic markets have found increasing difficulty in sustaining their customary rates of growth, and many are seeking foreign markets in which to expand. Companies with foreign operations find that foreign earnings are making an important overall contribution to total corporate profits. A four-year Conference Board study of 1,250 U.S. manufacturing companies found that multinationals of all sizes and in all industries outperformed their strictly domestic U.S. counterparts. They grew twice as fast in sales and earned significantly higher returns on equity and assets. Furthermore, U.S. multinationals reduced their manufacturing employment, both at home and abroad, more than domestic companies.

Difficulty: 3 Hard

Topic: Challenges and Opportunities Created by Globalization

Learning Objective: 01-02 The changing face of U.S. business.

Bloom's: Apply

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

87) Explain the key difference between domestic and international marketing.

Answer: The only difference between the definitions of domestic marketing and international marketing is that in the latter case, marketing activities take place in more than one country. This apparently minor difference, "in more than one country," accounts for the complexity and diversity found in international marketing operations. If this is the case, what is the difference between domestic and international marketing?

The answer lies not with different concepts of marketing but with the environment within which marketing plans must be implemented. The uniqueness of foreign marketing comes from the range of unfamiliar problems and the variety of strategies necessary to cope with different levels of uncertainty encountered in foreign markets.

Difficulty: 2 Medium

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-02 The changing face of U.S. business.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

88) How can a manager construct a marketing program designed for optimal adjustment to the uncertainty of the business climate?

Answer: Assuming the necessary overall corporate resources, structures, and competencies that can limit or promote strategic choice, the marketing manager blends price, product, promotion, channels-of-distribution, and research activities to capitalize on anticipated demand. These controllable elements can be altered in the long run and, usually, in the short run to adjust to changing market conditions, consumer tastes, or corporate objectives.

Difficulty: 2 Medium

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-03 The scope of the international marketing task.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

89) List and briefly explain the domestic environment uncontrollable elements that influence an international marketer.

Answer: The aspects of the domestic environment uncontrollable elements include home-country elements that can have a direct effect on the success of a foreign venture: political and legal forces, economic climate, and competition. A political decision involving foreign policy can have a direct effect on a firm's international marketing success. The domestic economic climate is another important home-based uncontrollable variable with far-reaching effects on a company's competitive position in foreign markets. The capacity to invest in plants and facilities, either in domestic or foreign markets, is to a large extent a function of domestic economic vitality. Competition within the home country can also have a profound effect on the international marketer's task.

Difficulty: 2 Medium

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-03 The scope of the international marketing task.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

90) Kendrik's Boston-based company would like to expand into Europe. How will competition within the United States affect international marketing for Kendrik?

Answer: Competition within a home country affects a company's domestic and international plans. Competition within the home country can have a profound effect on the international marketer's task. Students' examples might vary. For more than a century, Eastman Kodak dominated the U.S. film market and could depend on achieving profit goals that provided capital to invest in foreign markets. However, the competitive structure changed when Fuji Photo Film became a formidable competitor by lowering film prices in the United States, opening a \$300 million plant, and soon gaining 12 percent of the U.S. market.

Difficulty: 2 Medium

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-03 The scope of the international marketing task.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

91) Explain how the "alien status" of a company amplifies the political and legal issues faced by the company in a foreign market.

Answer: Political and legal issues a business faces abroad are often amplified by the "alien status" of the company, which increases the difficulty of properly assessing and forecasting the dynamic international business climate. The alien status of a foreign business has two dimensions: It is alien in that foreigners control the business and in that the culture of the host country is alien to management. The alien status of a business means that, when viewed as an outsider, it can be seen as an exploiter and receive prejudiced or unfair treatment at the hands of politicians, legal authorities, or both. Political activists can rally support by advocating the expulsion of the "foreign exploiters," often with the open or tacit approval of authorities.

Difficulty: 2 Medium

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-03 The scope of the international marketing task.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

92) What are the two primary obstacles to success in international marketing and how do they affect the international marketer?

Answer: The primary obstacles to success in international marketing are a person's self-reference criterion (SRC) and an associated ethnocentrism. The SRC is an unconscious reference to one's own cultural values, experiences, and knowledge as a basis for decisions. Closely connected is ethnocentrism, that is, the notion that people in one's own company, culture, or country know best how to do things. Ethnocentrism is generally a problem when managers from affluent countries work with managers and markets in less affluent countries. Both the SRC and ethnocentrism impede the ability to assess a foreign market in its true light.

Difficulty: 2 Medium

Topic: Challenges and Opportunities Created by Globalization

Learning Objective: 01-04 The importance of the self-reference criterion (SRC) in international marketing.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

93) To avoid errors in business decisions, it is necessary to conduct a cross-cultural analysis that isolates the self-reference criterion influences. List the four steps that make up the framework for such an analysis.

Answer: The steps are: (1) define the business problem or goal in home-country cultural traits, habits, or norms; (2) define the business problem or goal in foreign-country cultural traits, habits, or norms through consultation with natives of the target country—make no value judgments; (3) isolate the SRC influence in the problem and examine it carefully to see how it complicates the problem; and, (4) redefine the problem without the SRC influence and solve for the optimum business goal situation.

Difficulty: 1 Easy

Topic: The Nature of Cross-Cultural Risk

Learning Objective: 01-04 The importance of the self-reference criterion (SRC) in international marketing.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

94) Explain why a company might choose to use infrequent foreign marketing.

Answer: Temporary surpluses caused by variations in production levels or demand may result in infrequent marketing overseas. The surpluses are characterized by their temporary nature; therefore, sales to foreign markets are made as goods become available, with little or no intention of maintaining continuous market representation. As domestic demand increases and absorbs surpluses, foreign sales activity is reduced or even withdrawn. In this stage, little or no change is seen in the company organization or product lines. However, few companies fit this model today because customers around the world increasingly seek long-term commercial relationships. Furthermore, evidence suggests that financial returns from such short-term international expansions are limited.

Difficulty: 2 Medium

Topic: Differences Between Domestic and International Marketing

Learning Objective: 01-06 The progression of becoming a global marketer.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation