Chapter 01

The Scope and Challenge of International Marketing

**True / False Questions**

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| 1. | For companies today, becoming international is a luxury only some can afford.  True    False |

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| 2. | Companies from Japan are the leading group of investors in the United States.  True    False |

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

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| 4. | The difference between domestic and international marketing lies in the different concepts of marketing.  True    False |

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| 5. | An international marketer must deal with at least two levels of uncontrollable uncertainty.  True    False |

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

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

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| 8. | The level of technology in a country is an uncontrollable element for international marketers.   True    False |

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| 9. | The uncontrollable factors a company has to deal with decreases with the number of foreign markets in which it operates.  True    False |

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| 10. | 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.  True    False |

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| 11. | Political and legal forces, economic climate, and competition are some of the domestic environment’s controllable factors.  True    False |

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| 12. | The foreign policies of a country have a direct effect on a firm’s international marketing success.  True    False |

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| 13. | Abolition of apartheid in South Africa is an example of a positive uncontrollable element in an international marketing scenario.  True    False |

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| 14. | The business activities of international marketers are not affected by competition in their domestic market.  True    False |

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| 15. | The process of evaluating the uncontrollable elements in an international marketing program involves substantial doses of cultural, political, and economic shock.  True    False |

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| 16. | Level of technology remains unchanged across countries making it a fairly predictable factor in international marketing.  True    False |

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| 17. | Political and legal issues a company may face abroad are mitigated by the “alien status” of the company.  True    False |

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| 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.  True    False |

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

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| 20. | In a broad sense, the uncontrollable elements of the foreign business environment constitute the culture.   True    False |

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| 21. | In dealing with unfamiliar markets, marketers must be aware of the frames of reference they are using in making their decisions.  True    False |

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| 22. | John refuses to buy Japanese products because he sees this as a way of selling out to a nation known for its aggressive behavior. John is using a self-reference criterion to make his decision.  True    False |

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| 23. | The self-reference criterion is closely related to ethnocentrism.   True    False |

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| 24. | Sam Watkins just ate cookies and, therefore, feels justified in refusing food offered by his Middle Eastern host. In this instance, Sam’s self-reference criterion has just saved him from making a cultural blunder.  True    False |

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

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| 26. | Understanding one’s own culture normally requires no additional study.  True    False |

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

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| 28. | Research has revealed that smaller home markets and larger production capacities appear to favor internationalization.  True    False |

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| 29. | A company in the “no direct foreign marketing” stage of international marketing involvement does not actively cultivate customers outside national boundaries.  True    False |

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

**Multiple Choice Questions**

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| 31. | Which of the following is a dynamic trend that is affecting the current global business strategies?

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| A.  | The trend toward buying American cars in Europe.  |

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| B.  | The trend toward the acceptance of the free market system among developing countries.  |

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| C.  | The trend toward using English as the global language.  |

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| D.  | The trend toward establishing a world currency.  |

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| E.  | The trend toward worldwide instant communication.  |

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| 32. | Companies from \_\_\_\_\_ lead in foreign investment in the United States.

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| A.  | Kingdom of Saudi Arabia  |

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| B.  | Russia  |

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| --- | --- |
| C.  | China  |

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| --- | --- |
| D.  | United Kingdom  |

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| --- | --- |
| E.  | Canada  |

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| 33. | Which of the following is true regarding the impact of globalization on domestic markets in the United States?

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| A.  | Companies with only domestic markets have been able to sustain their customary rates of growth.  |

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| B.  | Multinational companies are making more profits from their domestic operations compared to their earnings from the foreign markets.  |

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| C.  | Only multinational companies with large production facilities have succeeded in the international markets.  |

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| D.  | The domestic companies have reduced their manufacturing employment more than the US multinationals.  |

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| E.  | Multinational manufacturing companies in all industries and sizes have outperformed their domestic counterparts.  |

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| 34. | Which of the following is an essential requirement for companies to succeed in international markets?

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| A.  | Binding strictly to their traditional methods of operations to succeed in international markets. |

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| B.  | Focusing primarily on their production to meet the demands at home. |

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| C.  | Venturing into multiple markets at once. |

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| D.  | Committing themselves completely to foreign markets. |

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| E.  | Focusing on improving the domestic market to invest the returns in international markets. |

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| 35. | \_\_\_\_\_ 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.

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| A.  | Internal marketing  |

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| --- | --- |
| B.  | Importing  |

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| --- | --- |
| C.  | Corporate management  |

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| --- | --- |
| D.  | International marketing  |

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| --- | --- |
| E.  | Domestic trade  |

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| 36. | Which of the following is the most critical difference between domestic marketing and international marketing?

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| A.  | The difference in marketing principles being followed. |

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| B.  | The different concepts of marketing. |

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| C.  | The change in marketing goals. |

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| D.  | The environment in which marketing plans must be implemented. |

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| E.  | The basic processes used to market products and services. |

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| 37. | Which of the following elements in the marketing environment poses a challenge to both domestic and international marketers due to its uncontrollable nature?

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| --- | --- |
| A.  | Price  |

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| --- | --- |
| B.  | Promotion  |

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| --- | --- |
| C.  | Research activities  |

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| --- | --- |
| D.  | Political/legal forces  |

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| --- | --- |
| E.  | Channels of distribution  |

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| 38. | Which of the following is a controllable element for an international marketer?

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| --- | --- |
| A.  | Level of technology  |

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| --- | --- |
| B.  | Geography and infrastructure  |

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| --- | --- |
| C.  | Channels of distribution  |

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| --- | --- |
| D.  | Cultural forces  |

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| --- | --- |
| E.  | Structure of distribution  |

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| 39. | Which of the following is an uncontrollable element for an international marketer?

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| --- | --- |
| A.  | Firm characteristics  |

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| --- | --- |
| B.  | Promotion  |

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| --- | --- |
| C.  | Price  |

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| --- | --- |
| D.  | Research  |

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| --- | --- |
| E.  | Level of technology  |

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| 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  |

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| --- | --- |
| E.  | controllable elements  |

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| 41. | Which of the following is an uncontrollable factor for a marketer in a domestic environment?

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| --- | --- |
| A.  | Firm characteristics  |

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| --- | --- |
| B.  | Competitive structure  |

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| --- | --- |
| C.  | Channels of distribution  |

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| --- | --- |
| D.  | Price of the product  |

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| E.  | Promotional measures  |

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| 42. | Which of the following political actions is likely to favor international marketing?

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| A.  | Placing trade embargo on Cuba owing to widespread political instability in the country. |

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| B.  | U.S. government placing a trade ban on Libya for rampant terrorism. |

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| C.  | Paraguay imposing low tariffs and tax rates for manufacturing industries. |

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| D.  | Tariff hike for imports established by China. |

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| E.  | U.S. government coupling human rights issues with foreign trade policy. |

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| 43. | Which of the following reflects the relationship between international business and domestic business?

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| A.  | Domestic businesses find it relatively easy to manage profits in the current scenario.  |

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| --- | --- |
| B.  | Domestic businesses find it relatively easy to manage profits in the current scenario.  |

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| C.  | Most domestic businesses are the result of customization efforts of international businesses.  |

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| D.  | The ability to invest abroad is to a large extent a function of domestic economic vitality.  |

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| E.  | Domestic businesses are more viable as capital tends to move toward minimum use.  |

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| 44. | Which of the following is a possible outcome of the “alien status” of a company?

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| A.  | An increase in protectionist federal policies. |

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| B.  | A positive balance of trade. |

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| C.  | A sharp rise in domestic and international demand. |

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| D.  | A huge trade deficit. |

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| E.  | An economic situation of the magnitude of the Great Depression. |

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| 45. | 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:

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| A.  | controllable elements. |

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| B.  | uncontrollable elements. |

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| --- | --- |
| C.  | predictable elements. |

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| D.  | demographic elements. |

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| E.  | cultural elements. |

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| 46. | \_\_\_\_\_ is a controllable element in both domestic and international marketing environments.

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| --- | --- |
| A.  | Economic climate  |

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| B.  | Competition within the home country  |

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| --- | --- |
| C.  | Price of products  |

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| --- | --- |
| D.  | Political forces  |

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| E.  | Foreign policies  |

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| 47. | The marketing tasks of an international marketer differs from that of a domestic marketer as:

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| A.  | the international marketer has fewer uncontrollable elements to deal with compared to a domestic marketer. |

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| B.  | the level of technology and cultural forces are controllable elements for the domestic marketer. |

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| C.  | the structure of distribution is an uncontrollable element for the international marketer. |

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| D.  | the competitive structure is one of the controllable factors for an international marketer. |

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| E.  | the international marketer is less concerned about geography and infrastructure than the domestic marketer. |

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| 48. | Robert Jonas is in charge of a new marketing effort directed toward Peru. In order for his company to effectively market and distribute to all of Peru’s major cities, Mr. Jonas must devise a logistics plan for crossing the Andes Mountains on a daily basis. Which of the following foreign environment uncontrollable variables would be a chief concern as Mr. Jonas devises his plan?

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| --- | --- |
| A.  | Competitive forces  |

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| --- | --- |
| B.  | Cultural forces  |

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| --- | --- |
| C.  | Geography and infrastructure  |

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| --- | --- |
| D.  | Economic forces  |

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| --- | --- |
| E.  | Political/legal forces  |

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| 49. | Compared to the foreign environment uncontrollable variables, which of the following elements is excluded from the domestic marketer’s list of uncontrollable variables?

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| --- | --- |
| A.  | Political forces  |

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| --- | --- |
| B.  | Competitive structure  |

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| --- | --- |
| C.  | Economic climate  |

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| --- | --- |
| D.  | Cultural forces  |

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| --- | --- |
| E.  | Legal forces  |

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| 50. | Amy Sims has been assigned the task of preparing a marketing plan for her company for the next year’s business activities. She knows that she should begin her plan by examining the variables that she has some control over. These controllable variables would include price, product, channels-of-distribution, and \_\_\_\_\_.

|  |  |
| --- | --- |
| A.  | demand  |

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| --- | --- |
| B.  | political forces  |

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| --- | --- |
| C.  | competition  |

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| --- | --- |
| D.  | economic climate  |

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| --- | --- |
| E.  | promotion  |

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| 51. | M&M, 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 a German company in the same business entered its home market. The German company started selling good quality products at prices much lower than M&M’s and affected its sales adversely. Which of the following elements in the marketing environment has affected the business of M&M in the above scenario?

|  |  |
| --- | --- |
| A.  | Level of technology  |

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| --- | --- |
| B.  | Structure of distribution  |

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| C.  | Competition in the domestic market  |

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| --- | --- |
| D.  | Cultural forces  |

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| --- | --- |
| E.  | Promotion of the product  |

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| 52. | Ralph Waite is a marketing manager at a video game console manufacturing firm. Ralph has been asked to review the marketing opportunities of his company in a foreign market. Ralph is aware that he can modify certain elements of the marketing environment to suit the foreign market needs. He is primarily focusing his attention on the factors that are not under his control and might affect their business prospects. Which of the following uncontrollable elements is most likely to affect the company’s business prospects in the foreign market?

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| A.  | The pricing policies in the foreign market. |

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| --- | --- |
| B.  | The trade policies in the home country. |

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| C.  | The promotional activities required to market the product. |

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| D.  | The level of technology in the targeted market. |

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| E.  | The product distribution channels adopted by his company. |

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| 53. | The \_\_\_\_\_ issues faced by a company are often amplified by the “alien status” of the company, which increases the difficulty of properly assessing and forecasting the dynamic international business climate.

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| --- | --- |
| A.  | product research  |

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| --- | --- |
| B.  | pricing  |

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| --- | --- |
| C.  | product specification  |

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| --- | --- |
| D.  | political/legal  |

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| --- | --- |
| E.  | promotional  |

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| 54. | Which of the following best illustrates the political and legal issues faced by companies because of their “alien status” when they attempt to do business in foreign countries?

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| A.  | A company doing moderate business in international markets because of violent history of its home country. |

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| B.  | A company being forced by the local government to share its core competencies in order to continue doing business. |

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| C.  | A product not being widely accepted in the foreign market because of its irrelevance to the customers. |

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| D.  | A company utilizing an identical promotional campaign it used in the domestic country. |

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| E.  | A company not succeeding in a foreign market because its product pricing is above the purchasing power of the local customers. |

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| 55. | \_\_\_\_\_ is the conscious effort on the part of the 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.

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| --- | --- |
| A.  | Standardization  |

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| --- | --- |
| B.  | Adaptation  |

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| --- | --- |
| C.  | Segregation  |

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| --- | --- |
| D.  | Segmentation  |

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| --- | --- |
| E.  | Projection  |

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| 56. | The primary obstacles to success in international marketing are a person’s \_\_\_\_\_ and an associated ethnocentrism.

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| --- | --- |
| A.  | regionalism  |

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| --- | --- |
| B.  | holism  |

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| --- | --- |
| C.  | self-reference criterion  |

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| --- | --- |
| D.  | effort at adaptation  |

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| --- | --- |
| E.  | effort at integration  |

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| 57. | \_\_\_\_\_ is an unconscious reference to one’s own cultural values, experiences, and knowledge as a basis for decisions.

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| A.  | Nativism  |

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| --- | --- |
| B.  | Holism  |

|  |  |
| --- | --- |
| C.  | Self-reference criterion  |

|  |  |
| --- | --- |
| D.  | Segregation  |

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| --- | --- |
| E.  | Xenophobia  |

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| 58. | In the United States, unrelated individuals keep a certain physical distance between themselves and others when talking or in groups. Americans do not consciously think about that distance; they just know what feels right without thinking. Someone from another culture would not necessarily understand this and would apply their rules for contact when speaking. The preceding is an illustration of what is called applying a \_\_\_\_\_ when reviewing the mentioned social custom of contact.

|  |  |
| --- | --- |
| A.  | self-space principle  |

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| --- | --- |
| B.  | segregation principle  |

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| --- | --- |
| C.  | integration criterion  |

|  |  |
| --- | --- |
| D.  | space command criterion  |

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| --- | --- |
| E.  | self-reference criterion  |

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| 59. | Which of the following is closely related to the self-reference criterion?

|  |  |
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| A.  | Differentiation  |

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| --- | --- |
| B.  | Marketing myopia  |

|  |  |
| --- | --- |
| C.  | Ethnocentrism  |

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| --- | --- |
| D.  | Multiculturalism  |

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| --- | --- |
| E.  | Pluralism  |

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| 60. | \_\_\_\_\_ impedes the ability of a person to assess a foreign market in its true light.

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| --- | --- |
| A.  | Nativism  |

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| --- | --- |
| B.  | Pluralism  |

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| --- | --- |
| C.  | Xenocentrism  |

|  |  |
| --- | --- |
| D.  | Ethnocentrism  |

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| --- | --- |
| E.  | Relativism  |

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| 61. | Which of the following is true of ethnocentrism?

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| A.  | It is the cultural binding force among a diverse employee population in an organization.  |

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| B.  | It is a problem that arises when managers from affluent countries work with managers and markets in less affluent countries.  |

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| C.  | American managers have generally been uninfluenced by it, especially in the beginning of the 21st century.  |

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| D.  | It is the cornerstone of effective adaptation in the field of international marketing.  |

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| --- | --- |
| E.  | Self-reference criterion is universally considered the technique to reduce or eliminate ethnocentrism.  |

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| 62. | The most effective way to control the influence of ethnocentrism and the SRC is to:

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| --- | --- |
| A.  | reduce interaction with culturally diverse audience. |

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| --- | --- |
| B.  | ask for feedback on every possible occasion. |

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| --- | --- |
| C.  | recognize their effects on our behavior. |

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| --- | --- |
| D.  | learn at least two foreign languages to understand the cultural differences. |

|  |  |
| --- | --- |
| E.  | ask for second opinion in a decision-making scenario. |

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| 63. | To avoid errors in business decisions, it is necessary to conduct a cross-cultural analysis that isolates the self-reference criterion influences. Which of the following should be the first-step to avoid the aforementioned errors?

|  |  |
| --- | --- |
| A.  | Redefining the problem without the SRC influence. |

|  |  |
| --- | --- |
| B.  | Solving the problem for the optimum business goal situation. |

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| --- | --- |
| C.  | Isolating the SRC influence in the problem and examining it carefully to see how it complicates the problem. |

|  |  |
| --- | --- |
| D.  | Defining the business problem or goal in home-country cultural traits, habits, or norms. |

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| --- | --- |
| E.  | Defining the business problem or goal in foreign-country cultural traits, habits, or norms through consultation with natives of the target country. |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 64. | Understanding one’s own culture requires additional study as:

|  |  |
| --- | --- |
| A.  | self-criticism is not easy to build when studying one’s own culture. |

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| --- | --- |
| B.  | much of the cultural influence on market behavior is at the subconscious level. |

|  |  |
| --- | --- |
| C.  | the cultural traits in one’s own country are complex and not internalized. |

|  |  |
| --- | --- |
| D.  | international trade treaties mandate that managers have extensive cultural knowledge of their own country. |

|  |  |
| --- | --- |
| E.  | cultural influence on one’s own market behavior is generally minimal and insignificant in the long run. |

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| 65. | Which of the following types of nontariff barriers strictly falls under the category of specific limitations on trade?

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| --- | --- |
| A.  | Import credit discriminations  |

|  |  |
| --- | --- |
| B.  | Export subsidies  |

|  |  |
| --- | --- |
| C.  | Voluntary export restraints  |

|  |  |
| --- | --- |
| D.  | Embargoes  |

|  |  |
| --- | --- |
| E.  | Packaging, labeling, or marking standards  |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 66. | Which of the following characterizes a globally aware manager?

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| --- | --- |
| 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 their own. |

|  |  |
| --- | --- |
| C.  | 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. |

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| 67. | Which of the following will aid a manager in understanding the way people of different countries think and act?

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| --- | --- |
| A.  | A better understanding of global economic trends. |

|  |  |
| --- | --- |
| B.  | A deeper understanding of world market potential. |

|  |  |
| --- | --- |
| C.  | An understanding of foreign investment opportunities. |

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| --- | --- |
| D.  | An understanding of microeconomics. |

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| --- | --- |
| E.  | A historical perspective. |

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| 68. | Which of the following is the most effective way to achieve organizational global awareness?

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| --- | --- |
| A.  | Hiring employees based on the sole criterion of global awareness. |

|  |  |
| --- | --- |
| B.  | Organizing 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. |

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| 69. | Which of the following organizations 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 much greater 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. |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 70. | Which of the following firms has a better chance of accelerating the internationalization process?

|  |  |
| --- | --- |
| A.  | International regulatory bodies set export/import limits.  |

|  |  |
| --- | --- |
| B.  | The importing country can levy heavier import tariffs to override the VERs.  |

|  |  |
| --- | --- |
| C.  | The exporting country sets the limits on the quantity it will export.  |

|  |  |
| --- | --- |
| D.  | It is a mandatory tax imposed by a government on goods entering at its borders.  |

|  |  |
| --- | --- |
| E.  | It is an absolute restriction against the importation of certain goods.  |

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| 71. | Which of the following is true regarding the stages of international marketing involvement?

|  |  |
| --- | --- |
| A.  | A firm essentially progresses through the stages in a linear order.  |

|  |  |
| --- | --- |
| B.  | The international marketing stage represents the highest level of international involvement.  |

|  |  |
| --- | --- |
| C.  | A firm begins its international involvement at the second stage.  |

|  |  |
| --- | --- |
| D.  | A firm may be in more than one stage simultaneously.  |

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| --- | --- |
| E.  | The final stage of the process is involves no direct foreign marketing.  |

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| 72. | Which of the following best describes the stage of development where the company’s products reach a foreign market without any conscious effort on the part of the marketer?

|  |  |
| --- | --- |
| A.  | Infrequent foreign marketing  |

|  |  |
| --- | --- |
| B.  | Regular foreign marketing  |

|  |  |
| --- | --- |
| C.  | No direct foreign marketing  |

|  |  |
| --- | --- |
| D.  | International marketing  |

|  |  |
| --- | --- |
| E.  | Global marketing  |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 73. | Jefferson’s is a firm that specializes in dog food and grooming products. The company 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. Jefferson’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  |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 74. | If a marketer is motivated to initiate an international marketing effort mainly because of temporary surpluses in the domestic market, which of the following stages best characterizes the stage of international marketing involvement for this marketer?

|  |  |
| --- | --- |
| A.  | Infrequent foreign marketing |

|  |  |
| --- | --- |
| B.  | Regular foreign marketing |

|  |  |
| --- | --- |
| C.  | No direct foreign marketing |

|  |  |
| --- | --- |
| D.  | International marketing |

|  |  |
| --- | --- |
| E.  | Global marketing |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 75. | James Bright’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 of the following stages best characterizes the stage of international marketing involvement for Mr. Bright’s company?

|  |  |
| --- | --- |
| A.  | Infrequent foreign marketing  |

|  |  |
| --- | --- |
| B.  | Regular foreign marketing  |

|  |  |
| --- | --- |
| C.  | No direct foreign marketing  |

|  |  |
| --- | --- |
| D.  | International marketing  |

|  |  |
| --- | --- |
| E.  | Internal marketing  |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 76. | Maria Peron’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 Ms. Peron’s company?

|  |  |
| --- | --- |
| A.  | Infrequent foreign marketing  |

|  |  |
| --- | --- |
| B.  | Test marketing  |

|  |  |
| --- | --- |
| C.  | No direct foreign marketing  |

|  |  |
| --- | --- |
| D.  | Internal marketing  |

|  |  |
| --- | --- |
| E.  | Global marketing  |

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| 77. | Ajax Corporation has decided to enter the international marketing arena by marketing its products on a country-by-country basis, with separate marketing strategies for each country. The company is using which of the following concepts to formulate its international policies and strategies?

|  |  |
| --- | --- |
| A.  | Domestic market extension concept  |

|  |  |
| --- | --- |
| B.  | Multidomestic market concept  |

|  |  |
| --- | --- |
| C.  | Mass marketing concept  |

|  |  |
| --- | --- |
| D.  | Universal marketing concept  |

|  |  |
| --- | --- |
| E.  | Standardized marketing concept  |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 78. | Regular foreign marketing stage differs from the international marketing stage as companies at the regular foreign marketing stage:

|  |  |
| --- | --- |
| A.  | fail to actively seek customers in international markets.  |

|  |  |
| --- | --- |
| B.  | market their products in international markets only when there is a surplus in production.  |

|  |  |
| --- | --- |
| C.  | fail to represent careful strategic thinking about international expansion.  |

|  |  |
| --- | --- |
| D.  | lack permanent productive capacity that is devoted for production of goods and services to be marketed in international markets.  |

|  |  |
| --- | --- |
| E.  | focus all their operations and production to service the domestic market needs even though they are interested in foreign markets.  |

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| 79. | Which of the following 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.  |

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| --- | --- |
| E.  | They are a result of dedicated production capacity maintained for foreign markets.  |

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| 80. | In which of the following stages of international marketing involvement, 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.  | Infrequent foreign marketing  |

|  |  |
| --- | --- |
| C.  | Regular foreign marketing  |

|  |  |
| --- | --- |
| D.  | International marketing  |

|  |  |
| --- | --- |
| E.  | Global marketing  |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 81. | The firms at the stage of regular foreign marketing of international marketing involvement:

|  |  |
| --- | --- |
| A.  | sell products that are a result of planned production in markets in various countries.  |

|  |  |
| --- | --- |
| B.  | primarily focus all their operations and production to service domestic market needs.  |

|  |  |
| --- | --- |
| C.  | have a global perspective and view the entire world as one market devoid of any segments based on nationality.  |

|  |  |
| --- | --- |
| D.  | have half their sales revenues coming from international markets.  |

|  |  |
| --- | --- |
| E.  | have no intention of maintaining continuous market representation in foreign markets.  |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 82. | Which of the following is true of firms at the international marketing stage of marketing involvement?

|  |  |
| --- | --- |
| A.  | The primary focus of operations and production is to service domestic market needs.  |

|  |  |
| --- | --- |
| B.  | As domestic demand increases and absorbs surpluses, foreign sales activity is reduced or even withdrawn.  |

|  |  |
| --- | --- |
| C.  | Profit expectations from foreign markets are seen primarily as a bonus in addition to regular domestic profits.  |

|  |  |
| --- | --- |
| D.  | Planning generally entails production of goods outside the home market.  |

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| --- | --- |
| E.  | The firm treats the world, including the home market, as one market.  |

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| 83. | What is the most profound change for firms at the global marketing stage of internationalization?

|  |  |
| --- | --- |
| A.  | Planning involves production of goods outside the home market.  |

|  |  |
| --- | --- |
| 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.  | Production capacity exceeds domestic demand.  |

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| 84. | Which of the following firms/products reflects a global marketing orientation?

|  |  |
| --- | --- |
| A.  | A skin-lightening cream aimed at African American women. |

|  |  |
| --- | --- |
| B.  | A company promoting Latino jazz musicals. |

|  |  |
| --- | --- |
| C.  | A firm producing highly cost-effective and durable computers. |

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| --- | --- |
| D.  | A famous restaurant in Singapore that specializes in Oriental food. |

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| --- | --- |
| E.  | A Japanese to English translation software. |

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| 85. | 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  |

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**Essay Questions**

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| --- | --- |
| 86. | List out the events or trends that have shaped international business beyond today’s bumpy roads and into the future.       |

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| 87. | Define international marketing. How it is different from domestic marketing?      |

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| --- | --- |
| 88. | Why is the international marketer’s task more difficult than that of the domestic marketer?      |

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| --- | --- |
| 89. | How can a manager construct a marketing program designed for optimal adjustment to the uncertainty of the business climate?      |

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| --- | --- |
| 90. | List the domestic environment uncontrollables that influence an international marketer.      |

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| --- | --- |
| 91. | Explain with an example how domestic competition affects prospects of an international marketer.      |

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| --- | --- |
| 92. | Explain how the “alien status” of a company amplifies the political and legal issues faced by the company in a foreign market.      |

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| --- | --- |
| 93. | What are the primary obstacles to success in international marketing?      |

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| --- | --- |
| 94. | 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.       |

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| --- | --- |
| 95. | Describe the “regular foreign marketing” stage of international marketing involvement.      |

Chapter 01 The Scope and Challenge of International Marketing Answer Key

**True / False Questions**

|  |  |
| --- | --- |
| 1. | For companies today, becoming international is a luxury only some can afford.  **FALSE**For a growing number of companies, being international is no longer a luxury but a necessity for economic survival. |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 2 MediumLearning Objective: 01-01 The benefits of international marketsTopic: Global Perspective: Global Commerce Causes Peace* |

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| 2. | Companies from Japan are the leading group of investors in the United States.  **FALSE**Foreign direct investment in the United States is more than $2 trillion. Companies from the United Kingdom lead the group of investors, with companies from the Netherlands, Japan, Germany, and Switzerland following, in that order. |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 1 EasyLearning Objective: 01-02 The changing face of U.S. businessTopic: The Internationalization of U.S. Business* |

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| --- | --- |
| 3. | International marketing involves selling of a company’s goods and services to consumers or users in more than one nation for a profit.  **TRUE**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. |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 1 EasyLearning Objective: 01-02 The changing face of U.S. businessTopic: International Marketing Defined* |

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| 4. | The difference between domestic and international marketing lies in the different concepts of marketing.  **FALSE**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. |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 2 MediumLearning Objective: 01-02 The changing face of U.S. businessTopic: International Marketing Defined* |

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| --- | --- |
| 5. | An international marketer must deal with at least two levels of uncontrollable uncertainty.  **TRUE**The international marketer’s task is more complicated than that of the domestic marketer because the international marketer must deal with at least two levels of uncontrollable uncertainty instead of one. |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 2 MediumLearning Objective: 01-03 The scope of the international marketing taskTopic: The International Marketing Task* |

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| 6. | The geography and infrastructure of a country are uncontrollable factors that influence the business decisions of a company in an international market.  **TRUE**Refer Exhibit 1.3-The International Marketing Task |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 2 MediumLearning Objective: 01-03 The scope of the international marketing taskTopic: The International Marketing Task* |

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| 7. | The uncontrollable factors affecting international marketing are limited to political forces, economic climate, and competitive structure.  **FALSE**Refer Exhibit 1.3-The International Marketing Task |

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| *AACSB: AnalyticBlooms: UnderstandDifficulty Level: 2 MediumLearning Objective: 01-03 The scope of the international marketing taskTopic: The International Marketing Task* |

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| 8. | The level of technology in a country is an uncontrollable element for international marketers.   **TRUE**Refer Exhibit 1.3-The International Marketing Task |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 1 EasyLearning Objective: 01-03 The scope of the international marketing taskTopic: The International Marketing Task* |

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| 9. | The uncontrollable factors a company has to deal with decreases with the number of foreign markets in which it operates.  **FALSE**The more foreign markets in which a company operates, the greater is the possible variety of foreign environmental factors with which to contend. |

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| *AACSB: Reflective ThinkingBlooms: UnderstandDifficulty Level: 2 MediumLearning Objective: 01-03 The scope of the international marketing taskTopic: The International Marketing Task* |

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| 10. | 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.  **TRUE**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. |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 1 EasyLearning Objective: 01-03 The scope of the international marketing taskTopic: The International Marketing Task* |

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| 11. | Political and legal forces, economic climate, and competition are some of the domestic environment’s controllable factors.  **FALSE**Domestic environment uncontrollables 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. |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 2 MediumLearning Objective: 01-03 The scope of the international marketing taskTopic: The International Marketing Task* |

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| 12. | The foreign policies of a country have a direct effect on a firm’s international marketing success.  **TRUE**Domestic environment uncontrollables 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. |

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| *AACSB: AnalyticBlooms: UnderstandDifficulty Level: 1 EasyLearning Objective: 01-03 The scope of the international marketing taskTopic: The International Marketing Task* |

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| 13. | Abolition of apartheid in South Africa is an example of a positive uncontrollable element in an international marketing scenario.  **TRUE**Positive effects occur when changes in foreign policy offer countries favored treatment. Such was the case when South Africa abolished apartheid. |

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| *AACSB: AnalyticBlooms: UnderstandDifficulty Level: 2 MediumLearning Objective: 01-03 The scope of the international marketing taskTopic: The International Marketing Task* |

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| 14. | The business activities of international marketers are not affected by competition in their domestic market.  **FALSE**Competition within the home country can also have a profound effect on the international marketer’s task. |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 1 EasyLearning Objective: 01-03 The scope of the international marketing taskTopic: The International Marketing Task* |

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| 15. | The process of evaluating the uncontrollable elements in an international marketing program involves substantial doses of cultural, political, and economic shock.  **TRUE**The process of evaluating the uncontrollable elements in an international marketing program often involves substantial doses of cultural, political, and economic shock. |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 1 EasyLearning Objective: 01-03 The scope of the international marketing taskTopic: The International Marketing Task* |

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| 16. | Level of technology remains unchanged across countries making it a fairly predictable factor in international marketing.  **FALSE**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. |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 2 MediumLearning Objective: 01-03 The scope of the international marketing taskTopic: The International Marketing Task* |

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| 17. | Political and legal issues a company may face abroad are mitigated by the “alien status” of the company.  **FALSE**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. |

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| *AACSB: Reflective ThinkingBlooms: UnderstandDifficulty Level: 2 MediumLearning Objective: 01-03 The scope of the international marketing taskTopic: The International Marketing Task* |

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| 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.  **TRUE**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. |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 1 EasyLearning Objective: 01-03 The scope of the international marketing taskTopic: The International Marketing Task* |

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

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 1 EasyLearning Objective: 01-03 The scope of the international marketing taskTopic: The International Marketing Task* |

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| 20. | In a broad sense, the uncontrollable elements of the foreign business environment constitute the culture.   **TRUE**In a broad sense, the uncontrollable elements constitute the culture; the difficulty facing the marketer in adjusting to the culture lies in recognizing its impact. |

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| *AACSB: Reflective ThinkingBlooms: UnderstandDifficulty Level: 1 EasyLearning Objective: 01-03 The scope of the international marketing taskTopic: Environmental Adaptation Needed* |

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| 21. | In dealing with unfamiliar markets, marketers must be aware of the frames of reference they are using in making their decisions.  **TRUE**In dealing with unfamiliar markets, marketers must be aware of the frames of reference they are using in making their decisions or evaluating the potential of a market, because judgments are derived from experience that is the result of acculturation in the home country. |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 2 MediumLearning Objective: 01-03 The scope of the international marketing taskTopic: Environmental Adaptation Needed* |

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| 22. | John refuses to buy Japanese products because he sees this as a way of selling out to a nation known for its aggressive behavior. John is using a self-reference criterion to make his decision.  **TRUE**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.  |

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| *AACSB: Reflective ThinkingBlooms: ApplyDifficulty Level: 2 MediumLearning Objective: 01-04 The importance of the self-reference criterion (SRC) in international marketingTopic: The Self-Reference Criterion and Ethnocentrism: Major Obstacles* |

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| 23. | The self-reference criterion is closely related to ethnocentrism.   **TRUE**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. |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 1 EasyLearning Objective: 01-04 The importance of the self-reference criterion (SRC) in international marketingTopic: The Self-Reference Criterion and Ethnocentrism: Major Obstacles* |

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| 24. | Sam Watkins just ate cookies and, therefore, feels justified in refusing food offered by his Middle Eastern host. In this instance, Sam’s self-reference criterion has just saved him from making a cultural blunder.  **FALSE**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. |

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| *AACSB: Reflective ThinkingBlooms: ApplyDifficulty Level: 2 MediumLearning Objective: 01-04 The importance of the self-reference criterion (SRC) in international marketingTopic: The Self-Reference Criterion and Ethnocentrism: Major Obstacles* |

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| 25. | To avoid errors in business decisions, it is necessary to conduct a cross-cultural analysis that emphasizes the need for ethnocentrism.  **FALSE**To avoid errors in business decisions, the knowledgeable marketer will conduct a cross-cultural analysis that isolates the SRC influences and maintain vigilance regarding ethnocentrism. |

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| *AACSB: AnalyticBlooms: UnderstandDifficulty Level: 2 MediumLearning Objective: 01-04 The importance of the self-reference criterion (SRC) in international marketingTopic: The Self-Reference Criterion and Ethnocentrism: Major Obstacles* |

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| 26. | Understanding one’s own culture normally requires no additional study.  **FALSE**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. |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 1 EasyLearning Objective: 01-04 The importance of the self-reference criterion (SRC) in international marketingTopic: The Self-Reference Criterion and Ethnocentrism: Major Obstacles* |

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| 27. | The most effective approach to build global awareness into an organization is to increase the diversity mix of the employee profile, especially for entry-level jobs  **FALSE**The most effective approach to build global awareness into an organization is to have a culturally diverse senior executive staff or board of directors. |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 2 MediumLearning Objective: 01-05 The increasing importance of global awarenessTopic: Developing a Global Awareness* |

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| 28. | Research has revealed that smaller home markets and larger production capacities appear to favor internationalization.  **TRUE**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. |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 2 MediumLearning Objective: 01-06 The progression of becoming a global marketerTopic: Stages of International Marketing Involvement* |

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| 29. | A company in the “no direct foreign marketing” stage of international marketing involvement does not actively cultivate customers outside national boundaries.  **TRUE**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. |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 2 MediumLearning Objective: 01-06 The progression of becoming a global marketerTopic: Stages of International Marketing Involvement* |

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| 30. | The global marketing concept views the marketplace as consisting of one primary domestic market that is complimented by several smaller regional markets.   **FALSE**At the global marketing stage of international marketing involvement, companies treat the world, including their home market, as one market. |

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| *AACSB: Reflective ThinkingBlooms: UnderstandDifficulty Level: 2 MediumLearning Objective: 01-06 The progression of becoming a global marketerTopic: Stages of International Marketing Involvement* |

**Multiple Choice Questions**

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| 31. | Which of the following is a dynamic trend that is affecting the current global business strategies?

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| A.  | The trend toward buying American cars in Europe.  |

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| **B.**  | The trend toward the acceptance of the free market system among developing countries.  |

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| C.  | The trend toward using English as the global language.  |

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| D.  | The trend toward establishing a world currency.  |

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| E.  | The trend toward worldwide instant communication.  |

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.  |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 2 MediumLearning Objective: 01-01 The benefits of international marketsTopic: Global Perspective: Global Commerce Causes Peace* |

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| 32. | Companies from \_\_\_\_\_ lead in foreign investment in the United States.

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| --- | --- |
| A.  | Kingdom of Saudi Arabia  |

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| B.  | Russia  |

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| C.  | China  |

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| **D.**  | United Kingdom  |

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| E.  | Canada  |

Foreign investment in the United States is more than $23.4 trillion. Companies from the United Kingdom lead the group of investors, with companies from the Netherlands, Japan, Germany, and Switzerland, following in that order.  |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 1 EasyLearning Objective: 01-02 The changing face of U.S. businessTopic: The Internationalization of U.S. Business* |

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| 33. | Which of the following is true regarding the impact of globalization on domestic markets in the United States?

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| A.  | Companies with only domestic markets have been able to sustain their customary rates of growth.  |

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| B.  | Multinational companies are making more profits from their domestic operations compared to their earnings from the foreign markets.  |

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| C.  | Only multinational companies with large production facilities have succeeded in the international markets.  |

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| D.  | The domestic companies have reduced their manufacturing employment more than the US multinationals.  |

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| **E.**  | Multinational manufacturing companies in all industries and sizes have outperformed their domestic counterparts.  |

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.  |

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| *AACSB: AnalyticBlooms: UnderstandDifficulty Level: 2 MediumLearning Objective: 01-02 The changing face of U.S. businessTopic: The Internationalization of U.S. Business* |

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| 34. | Which of the following is an essential requirement for companies to succeed in international markets?

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| A.  | Binding strictly to their traditional methods of operations to succeed in international markets. |

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| B.  | Focusing primarily on their production to meet the demands at home. |

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| C.  | Venturing into multiple markets at once. |

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| **D.**  | Committing themselves completely to foreign markets. |

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| E.  | Focusing on improving the domestic market to invest the returns in international markets. |

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. |

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| *AACSB: AnalyticBlooms: UnderstandDifficulty Level: 2 MediumLearning Objective: 01-02 The changing face of U.S. businessTopic: The Internationalization of U.S. Business* |

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| 35. | \_\_\_\_\_ 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.

|  |  |
| --- | --- |
| A.  | Internal marketing  |

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| --- | --- |
| B.  | Importing  |

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| --- | --- |
| C.  | Corporate management  |

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| --- | --- |
| **D.**  | International marketing  |

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| E.  | Domestic trade  |

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.  |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 1 EasyLearning Objective: 01-02 The changing face of U.S. businessTopic: International Marketing Defined* |

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| 36. | Which of the following is the most critical difference between domestic marketing and international marketing?

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| A.  | The difference in marketing principles being followed. |

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| B.  | The different concepts of marketing. |

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| C.  | The change in marketing goals. |

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| **D.**  | The environment in which marketing plans must be implemented. |

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| E.  | The basic processes used to market products and services. |

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. |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 2 MediumLearning Objective: 01-02 The changing face of U.S. businessTopic: International Marketing Defined* |

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| 37. | Which of the following elements in the marketing environment poses a challenge to both domestic and international marketers due to its uncontrollable nature?

|  |  |
| --- | --- |
| A.  | Price  |

|  |  |
| --- | --- |
| B.  | Promotion  |

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| --- | --- |
| C.  | Research activities  |

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| --- | --- |
| **D.**  | Political/legal forces  |

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| E.  | Channels of distribution  |

Political/legal forces represent the uncontrollable element that domestic and international marketers need to consider. Refer to Exhibit 1.3-The International Marketing Task.  |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 1 EasyLearning Objective: 01-03 The scope of the international marketing taskTopic: The International Marketing Task* |

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| 38. | Which of the following is a controllable element for an international marketer?

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| --- | --- |
| A.  | Level of technology  |

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| --- | --- |
| B.  | Geography and infrastructure  |

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| --- | --- |
| **C.**  | Channels of distribution  |

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| --- | --- |
| D.  | Cultural forces  |

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| E.  | Structure of distribution  |

Channels of distribution represent a controllable element for an international marketer. Refer to Exhibit 1.3-The International Marketing Task.  |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 1 EasyLearning Objective: 01-03 The scope of the international marketing taskTopic: The International Marketing Task* |

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| 39. | Which of the following is an uncontrollable element for an international marketer?

|  |  |
| --- | --- |
| A.  | Firm characteristics  |

|  |  |
| --- | --- |
| B.  | Promotion  |

|  |  |
| --- | --- |
| C.  | Price  |

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| --- | --- |
| D.  | Research  |

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| --- | --- |
| **E.**  | Level of technology  |

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.  |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 1 EasyLearning Objective: 01-03 The scope of the international marketing taskTopic: The International Marketing Task* |

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| 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.

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| A.  | competitive structure  |

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| --- | --- |
| B.  | economic climate  |

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| --- | --- |
| C.  | structure of distribution  |

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| --- | --- |
| D.  | environmental factors  |

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| **E.**  | controllable elements  |

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.  |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 2 MediumLearning Objective: 01-03 The scope of the international marketing taskTopic: The International Marketing Task* |

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| 41. | Which of the following is an uncontrollable factor for a marketer in a domestic environment?

|  |  |
| --- | --- |
| A.  | Firm characteristics  |

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| --- | --- |
| **B.**  | Competitive structure  |

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| --- | --- |
| C.  | Channels of distribution  |

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| --- | --- |
| D.  | Price of the product  |

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| E.  | Promotional measures  |

Competitive forces, political/legal forces, and economic climate are the three domestic uncontrollable elements in marketing. Refer to Exhibit 1.3-The International Marketing Task.  |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 1 EasyLearning Objective: 01-03 The scope of the international marketing taskTopic: The International Marketing Task* |

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| 42. | Which of the following political actions is likely to favor international marketing?

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| A.  | Placing trade embargo on Cuba owing to widespread political instability in the country. |

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| B.  | U.S. government placing a trade ban on Libya for rampant terrorism. |

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| **C.**  | Paraguay imposing low tariffs and tax rates for manufacturing industries. |

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| D.  | Tariff hike for imports established by China. |

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| E.  | U.S. government coupling human rights issues with foreign trade policy. |

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. Low tariffs and lower interest rates encourage companies to invest in international markets. |

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| *AACSB: Reflective ThinkingBlooms: ApplyDifficulty Level: 2 MediumLearning Objective: 01-03 The scope of the international marketing taskTopic: The International Marketing Task* |

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| 43. | Which of the following reflects the relationship between international business and domestic business?

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| --- | --- |
| A.  | Domestic businesses find it relatively easy to manage profits in the current scenario.  |

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| --- | --- |
| B.  | Domestic businesses find it relatively easy to manage profits in the current scenario.  |

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| --- | --- |
| C.  | Most domestic businesses are the result of customization efforts of international businesses.  |

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| **D.**  | The ability to invest abroad is to a large extent a function of domestic economic vitality.  |

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| E.  | Domestic businesses are more viable as capital tends to move toward minimum use.  |

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.  |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 2 MediumLearning Objective: 01-03 The scope of the international marketing taskTopic: The International Marketing Task* |

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| 44. | Which of the following is a possible outcome of the “alien status” of a company?

|  |  |
| --- | --- |
| **A.**  | An increase in protectionist federal policies. |

|  |  |
| --- | --- |
| B.  | A positive balance of trade. |

|  |  |
| --- | --- |
| C.  | A sharp rise in domestic and international demand. |

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| --- | --- |
| D.  | A huge trade deficit. |

|  |  |
| --- | --- |
| E.  | An economic situation of the magnitude of the Great Depression. |

Between 1888 and 1971, the United States sold more to other countries than it bought from them; that is, the United States had a favorable balance of trade. By 1971, however, the United States had a trade deficit of $2 billion that grew steadily until it peaked at $160 billion in 1987. |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 1 EasyLearning Objective: 01-03 The scope of the international marketing taskTopic: The International Marketing Task* |

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| 45. | 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:

|  |  |
| --- | --- |
| A.  | controllable elements. |

|  |  |
| --- | --- |
| **B.**  | uncontrollable elements. |

|  |  |
| --- | --- |
| C.  | predictable elements. |

|  |  |
| --- | --- |
| D.  | demographic elements. |

|  |  |
| --- | --- |
| E.  | cultural elements. |

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. |

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| 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 forces  |

|  |  |
| --- | --- |
| E.  | Foreign policies  |

Price is a controllable element in both domestic and international marketing. Refer to Exhibit 1.3-The International Marketing Task.  |

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| 47. | The marketing tasks of an international marketer differs from that of a domestic marketer as:

|  |  |
| --- | --- |
| A.  | the international marketer has fewer uncontrollable elements to deal with compared to a domestic marketer. |

|  |  |
| --- | --- |
| B.  | the level of technology and cultural forces are controllable elements for the domestic marketer. |

|  |  |
| --- | --- |
| **C.**  | the structure of distribution is an uncontrollable element for the international marketer. |

|  |  |
| --- | --- |
| D.  | the competitive structure is one of the controllable factors for an international marketer. |

|  |  |
| --- | --- |
| E.  | the international marketer is less concerned about geography and infrastructure than the domestic marketer. |

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. |

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| 48. | Robert Jonas is in charge of a new marketing effort directed toward Peru. In order for his company to effectively market and distribute to all of Peru’s major cities, Mr. Jonas must devise a logistics plan for crossing the Andes Mountains on a daily basis. Which of the following foreign environment uncontrollable variables would be a chief concern as Mr. Jonas devises his plan?

|  |  |
| --- | --- |
| A.  | Competitive forces  |

|  |  |
| --- | --- |
| B.  | Cultural forces  |

|  |  |
| --- | --- |
| **C.**  | Geography and infrastructure  |

|  |  |
| --- | --- |
| D.  | Economic forces  |

|  |  |
| --- | --- |
| E.  | Political/legal forces  |

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.  |

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| *AACSB: Reflective ThinkingBlooms: ApplyDifficulty Level: 2 MediumLearning Objective: 01-03 The scope of the international marketing taskTopic: The International Marketing Task* |

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| 49. | Compared to the foreign environment uncontrollable variables, which of the following elements is excluded from the domestic marketer’s list of uncontrollable variables?

|  |  |
| --- | --- |
| A.  | Political forces  |

|  |  |
| --- | --- |
| B.  | Competitive structure  |

|  |  |
| --- | --- |
| C.  | Economic climate  |

|  |  |
| --- | --- |
| **D.**  | Cultural forces  |

|  |  |
| --- | --- |
| E.  | Legal forces  |

Cultural forces are a controllable element for the domestic marketer, while they constitute an uncontrollable element for the international marketer. Refer to Exhibit 1.3-The International Marketing Task.  |

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| 50. | Amy Sims has been assigned the task of preparing a marketing plan for her company for the next year’s business activities. She knows that she should begin her plan by examining the variables that she has some control over. These controllable variables would include price, product, channels-of-distribution, and \_\_\_\_\_.

|  |  |
| --- | --- |
| A.  | demand  |

|  |  |
| --- | --- |
| B.  | political forces  |

|  |  |
| --- | --- |
| C.  | competition  |

|  |  |
| --- | --- |
| D.  | economic climate  |

|  |  |
| --- | --- |
| **E.**  | promotion  |

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.  |

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| 51. | M&M, 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 a German company in the same business entered its home market. The German company started selling good quality products at prices much lower than M&M’s and affected its sales adversely. Which of the following elements in the marketing environment has affected the business of M&M in the above scenario?

|  |  |
| --- | --- |
| A.  | Level of technology  |

|  |  |
| --- | --- |
| B.  | Structure of distribution  |

|  |  |
| --- | --- |
| **C.**  | Competition in the domestic market  |

|  |  |
| --- | --- |
| D.  | Cultural forces  |

|  |  |
| --- | --- |
| E.  | Promotion of the product  |

Competition within its home country affects a company’s domestic as well as international plans.  |

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| *AACSB: Reflective ThinkingBlooms: ApplyDifficulty Level: 2 MediumLearning Objective: 01-03 The scope of the international marketing taskTopic: The International Marketing Task* |

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| 52. | Ralph Waite is a marketing manager at a video game console manufacturing firm. Ralph has been asked to review the marketing opportunities of his company in a foreign market. Ralph is aware that he can modify certain elements of the marketing environment to suit the foreign market needs. He is primarily focusing his attention on the factors that are not under his control and might affect their business prospects. Which of the following uncontrollable elements is most likely to affect the company’s business prospects in the foreign market?

|  |  |
| --- | --- |
| A.  | The pricing policies in the foreign market. |

|  |  |
| --- | --- |
| B.  | The trade policies in the home country. |

|  |  |
| --- | --- |
| C.  | The promotional activities required to market the product. |

|  |  |
| --- | --- |
| **D.**  | The level of technology in the targeted market. |

|  |  |
| --- | --- |
| E.  | The product distribution channels adopted by his company. |

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.. |

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| *AACSB: Reflective ThinkingBlooms: ApplyDifficulty Level: 2 MediumLearning Objective: 01-03 The scope of the international marketing taskTopic: The International Marketing Task* |

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| 53. | The \_\_\_\_\_ issues faced by a company are often amplified by the “alien status” of the company, which increases the difficulty of properly assessing and forecasting the dynamic international business climate.

|  |  |
| --- | --- |
| A.  | product research  |

|  |  |
| --- | --- |
| B.  | pricing  |

|  |  |
| --- | --- |
| C.  | product specification  |

|  |  |
| --- | --- |
| **D.**  | political/legal  |

|  |  |
| --- | --- |
| E.  | promotional  |

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.  |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 2 MediumLearning Objective: 01-03 The scope of the international marketing taskTopic: The International Marketing Task* |

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| 54. | Which of the following 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. |

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. |

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| *AACSB: Reflective ThinkingBlooms: UnderstandDifficulty Level: 2 MediumLearning Objective: 01-04 The importance of the self-reference criterion (SRC) in international marketingTopic: The International Marketing Task* |

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| 55. | \_\_\_\_\_ is the conscious effort on the part of the 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.

|  |  |
| --- | --- |
| A.  | Standardization  |

|  |  |
| --- | --- |
| **B.**  | Adaptation  |

|  |  |
| --- | --- |
| C.  | Segregation  |

|  |  |
| --- | --- |
| D.  | Segmentation  |

|  |  |
| --- | --- |
| E.  | Projection  |

Adaptation is a conscious effort on the part of the 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.  |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 1 EasyLearning Objective: 01-04 The importance of the self-reference criterion (SRC) in international marketingTopic: The Self-Reference Criterion and Ethnocentrism: Major Obstacles* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 56. | The primary obstacles to success in international marketing are a person’s \_\_\_\_\_ and an associated ethnocentrism.

|  |  |
| --- | --- |
| A.  | regionalism  |

|  |  |
| --- | --- |
| B.  | holism  |

|  |  |
| --- | --- |
| **C.**  | self-reference criterion  |

|  |  |
| --- | --- |
| D.  | effort at adaptation  |

|  |  |
| --- | --- |
| E.  | effort at integration  |

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.  |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 57. | \_\_\_\_\_ is an unconscious reference to one’s own cultural values, experiences, and knowledge as a basis for decisions.

|  |  |
| --- | --- |
| A.  | Nativism  |

|  |  |
| --- | --- |
| B.  | Holism  |

|  |  |
| --- | --- |
| **C.**  | Self-reference criterion  |

|  |  |
| --- | --- |
| D.  | Segregation  |

|  |  |
| --- | --- |
| E.  | Xenophobia  |

The SRC is an unconscious reference to one’s own cultural values, experiences, and knowledge as a basis for decisions.  |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 1 EasyLearning Objective: 01-04 The importance of the self-reference criterion (SRC) in international marketingTopic: The Self-Reference Criterion and Ethnocentrism: Major Obstacles* |

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| 58. | In the United States, unrelated individuals keep a certain physical distance between themselves and others when talking or in groups. Americans do not consciously think about that distance; they just know what feels right without thinking. Someone from another culture would not necessarily understand this and would apply their rules for contact when speaking. The preceding is an illustration of what is called applying a \_\_\_\_\_ when reviewing the mentioned social custom of contact.

|  |  |
| --- | --- |
| A.  | self-space principle  |

|  |  |
| --- | --- |
| B.  | segregation principle  |

|  |  |
| --- | --- |
| C.  | integration criterion  |

|  |  |
| --- | --- |
| D.  | space command criterion  |

|  |  |
| --- | --- |
| **E.**  | self-reference criterion  |

Misunderstandings that can occur about personal space between people of different cultures is an example that illustrates the impact of self-reference criterion (SRC).  |

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| *AACSB: AnalyticBlooms: UnderstandDifficulty Level: 1 EasyLearning Objective: 01-04 The importance of the self-reference criterion (SRC) in international marketingTopic: The Self-Reference Criterion and Ethnocentrism: Major Obstacles* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 59. | Which of the following is closely related to the self-reference criterion?

|  |  |
| --- | --- |
| A.  | Differentiation  |

|  |  |
| --- | --- |
| B.  | Marketing myopia  |

|  |  |
| --- | --- |
| **C.**  | Ethnocentrism  |

|  |  |
| --- | --- |
| D.  | Multiculturalism  |

|  |  |
| --- | --- |
| E.  | Pluralism  |

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.  |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 1 EasyLearning Objective: 01-04 The importance of the self-reference criterion (SRC) in international marketingTopic: The Self-Reference Criterion and Ethnocentrism: Major Obstacles* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 60. | \_\_\_\_\_ impedes the ability of a person to assess a foreign market in its true light.

|  |  |
| --- | --- |
| A.  | Nativism  |

|  |  |
| --- | --- |
| B.  | Pluralism  |

|  |  |
| --- | --- |
| C.  | Xenocentrism  |

|  |  |
| --- | --- |
| **D.**  | Ethnocentrism  |

|  |  |
| --- | --- |
| E.  | Relativism  |

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.  |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 1 EasyLearning Objective: 01-04 The importance of the self-reference criterion (SRC) in international marketingTopic: The Self-Reference Criterion and Ethnocentrism: Major Obstacles* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 61. | Which of the following is true of ethnocentrism?

|  |  |
| --- | --- |
| A.  | It is the cultural binding force among a diverse employee population in an organization.  |

|  |  |
| --- | --- |
| **B.**  | It is a problem that arises when managers from affluent countries work with managers and markets in less affluent countries.  |

|  |  |
| --- | --- |
| C.  | American managers have generally been uninfluenced by it, especially in the beginning of the 21st century.  |

|  |  |
| --- | --- |
| D.  | It is the cornerstone of effective adaptation in the field of international marketing.  |

|  |  |
| --- | --- |
| E.  | Self-reference criterion is universally considered the technique to reduce or eliminate ethnocentrism.  |

Ethnocentrism was particularly a problem for American managers at the beginning of the 21st century because of America’s dominance in the world economy during the late 1990s.  |

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| *AACSB: AnalyticBlooms: UnderstandDifficulty Level: 2 MediumLearning Objective: 01-04 The importance of the self-reference criterion (SRC) in international marketingTopic: The Self-Reference Criterion and Ethnocentrism: Major Obstacles* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 62. | The most effective way to control the influence of ethnocentrism and the SRC is to:

|  |  |
| --- | --- |
| A.  | reduce interaction with culturally diverse audience. |

|  |  |
| --- | --- |
| B.  | ask for feedback on every possible occasion. |

|  |  |
| --- | --- |
| **C.**  | recognize their effects on our behavior. |

|  |  |
| --- | --- |
| D.  | learn at least two foreign languages to understand the cultural differences. |

|  |  |
| --- | --- |
| E.  | ask for second opinion in a decision-making scenario. |

The most effective way to control the influence of ethnocentrism and the SRC is to recognize their effects on our behavior. |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 2 MediumLearning Objective: 01-04 The importance of the self-reference criterion (SRC) in international marketingTopic: The Self-Reference Criterion and Ethnocentrism: Major Obstacles* |

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| 63. | To avoid errors in business decisions, it is necessary to conduct a cross-cultural analysis that isolates the self-reference criterion influences. Which of the following should be the first-step to avoid the aforementioned errors?

|  |  |
| --- | --- |
| 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 and examining it carefully to see how it complicates the problem. |

|  |  |
| --- | --- |
| **D.**  | Defining the business problem or goal in home-country cultural traits, habits, or norms. |

|  |  |
| --- | --- |
| E.  | Defining the business problem or goal in foreign-country cultural traits, habits, or norms through consultation with natives of the target country. |

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. |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 2 MediumLearning Objective: 01-04 The importance of the self-reference criterion (SRC) in international marketingTopic: The Self-Reference Criterion and Ethnocentrism: Major Obstacles* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 64. | Understanding one’s own culture requires additional study as:

|  |  |
| --- | --- |
| A.  | self-criticism is not easy to build when studying one’s own culture. |

|  |  |
| --- | --- |
| **B.**  | much of the cultural influence on market behavior is at the subconscious level. |

|  |  |
| --- | --- |
| C.  | the cultural traits in one’s own country are complex and not internalized. |

|  |  |
| --- | --- |
| D.  | international trade treaties mandate that managers have extensive cultural knowledge of their own country. |

|  |  |
| --- | --- |
| E.  | cultural influence on one’s own market behavior is generally minimal and insignificant in the long run. |

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. |

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| *AACSB: Reflective ThinkingBlooms: UnderstandDifficulty Level: 2 MediumLearning Objective: 01-04 The importance of the self-reference criterion (SRC) in international marketingTopic: The Self-Reference Criterion and Ethnocentrism: Major Obstacles* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 65. | Which of the following types of nontariff barriers strictly falls under the category of specific limitations on trade?

|  |  |
| --- | --- |
| A.  | Import credit discriminations  |

|  |  |
| --- | --- |
| B.  | Export subsidies  |

|  |  |
| --- | --- |
| C.  | Voluntary export restraints  |

|  |  |
| --- | --- |
| **D.**  | Embargoes  |

|  |  |
| --- | --- |
| E.  | Packaging, labeling, or marking standards  |

Quotas, embargoes, import licensing requirements, minimum import price limits, and proportional restrictions of foreign to domestic goods are the non-tariff trade barriers that are classified under specific limitations on trade.  |

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| *AACSB: AnalyticBlooms: UnderstandDifficulty Level: 1 EasyLearning Objective: 01-05 The increasing importance of global awarenessTopic: Developing a Global Awareness* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 66. | Which of the following characterizes a globally aware manager?

|  |  |
| --- | --- |
| 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 their own. |

|  |  |
| --- | --- |
| **C.**  | 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. |

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. |

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| *AACSB: Reflective ThinkingBlooms: UnderstandDifficulty Level: 2 MediumLearning Objective: 01-05 The increasing importance of global awarenessTopic: Developing a Global Awareness* |

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| 67. | Which of the following will aid a manager in understanding the way people of different countries think and act?

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| A.  | A better understanding of global economic trends. |

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| B.  | A deeper understanding of world market potential. |

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| C.  | An understanding of foreign investment opportunities. |

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| D.  | An understanding of microeconomics. |

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| **E.**  | A historical perspective. |

Knowledge of history is important because the way people think and act is influenced by their history. 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. |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 2 MediumLearning Objective: 01-05 The increasing importance of global awarenessTopic: Developing a Global Awareness* |

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| 68. | Which of the following is the most effective way to achieve organizational global awareness?

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| A.  | Hiring employees based on the sole criterion of global awareness. |

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| B.  | Organizing employee trips to foreign cultures to increase their sensitivity. |

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| C.  | Increasing the diversity mix of the front-level employee profile. |

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| **D.**  | Having a culturally diverse senior executive staff or board of directors. |

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| E.  | Promoting social networking as a means to improve inter-cultural communication. |

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. |

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| *AACSB: Reflective ThinkingBlooms: UnderstandDifficulty Level: 2 MediumLearning Objective: 01-05 The increasing importance of global awarenessTopic: Developing a Global Awareness* |

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| 69. | Which of the following organizations seems better equipped for internationalization?

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| A.  | A firm that sells its products only to those foreign customers who directly contact the firm. |

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| **B.**  | A firm that has a production capacity that is much greater than home market demand. |

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| C.  | A firm that focuses its production activities on meeting the demands in the home market. |

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| D.  | A firm that has a culturally diverse employee profile but few competitive offerings at the global level. |

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| E.  | A firm that has little intention of maintaining a continuous market representation. |

One of the factors favoring faster internationalization is smaller home markets and larger production capacities. |

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| *AACSB: Reflective ThinkingBlooms: UnderstandDifficulty Level: 3 HardLearning Objective: 01-06 The progression of becoming a global marketerTopic: Stages of International Marketing Involvement* |

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| 70. | Which of the following firms has a better chance of accelerating the internationalization process?

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| **A.**  | International regulatory bodies set export/import limits.  |

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| B.  | The importing country can levy heavier import tariffs to override the VERs.  |

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| C.  | The exporting country sets the limits on the quantity it will export.  |

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| D.  | It is a mandatory tax imposed by a government on goods entering at its borders.  |

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| E.  | It is an absolute restriction against the importation of certain goods.  |

A VER is called voluntary because the exporting country sets the limits.  |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 2 MediumLearning Objective: 01-06 The progression of becoming a global marketerTopic: Stages of International Marketing Involvement* |

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| 71. | Which of the following is true regarding the stages of international marketing involvement?

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| A.  | A firm essentially progresses through the stages in a linear order.  |

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| B.  | The international marketing stage represents the highest level of international involvement.  |

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| C.  | A firm begins its international involvement at the second stage.  |

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| **D.**  | A firm may be in more than one stage simultaneously.  |

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| E.  | The final stage of the process is involves no direct foreign marketing.  |

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.  |

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| *AACSB: AnalyticBlooms: UnderstandDifficulty Level: 3 HardLearning Objective: 01-06 The progression of becoming a global marketerTopic: Stages of International Marketing Involvement* |

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| 72. | Which of the following best describes the stage of development where the company’s products reach a foreign market without any conscious effort on the part of the marketer?

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| --- | --- |
| A.  | Infrequent foreign marketing  |

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| --- | --- |
| B.  | Regular foreign marketing  |

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| --- | --- |
| **C.**  | No direct foreign marketing  |

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| --- | --- |
| D.  | International marketing  |

|  |  |
| --- | --- |
| E.  | Global marketing  |

A company in this 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.  |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 2 MediumLearning Objective: 01-06 The progression of becoming a global marketerTopic: Stages of International Marketing Involvement* |

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| 73. | Jefferson’s is a firm that specializes in dog food and grooming products. The company 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. Jefferson’s is currently in the \_\_\_\_\_ stage of international marketing involvement.

|  |  |
| --- | --- |
| A.  | frequent foreign marketing  |

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| --- | --- |
| B.  | active foreign marketing  |

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| --- | --- |
| C.  | global marketing  |

|  |  |
| --- | --- |
| D.  | regular foreign marketing  |

|  |  |
| --- | --- |
| **E.**  | no direct foreign marketing  |

A company in this 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. As companies develop websites on the Internet, many receive orders from international Internet users.  |

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| *AACSB: Reflective ThinkingBlooms: ApplyDifficulty Level: 2 MediumLearning Objective: 01-06 The progression of becoming a global marketerTopic: Stages of International Marketing Involvement* |

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| 74. | If a marketer is motivated to initiate an international marketing effort mainly because of temporary surpluses in the domestic market, which of the following stages best characterizes the stage of international marketing involvement for this marketer?

|  |  |
| --- | --- |
| **A.**  | Infrequent foreign marketing |

|  |  |
| --- | --- |
| B.  | Regular foreign marketing |

|  |  |
| --- | --- |
| C.  | No direct foreign marketing |

|  |  |
| --- | --- |
| D.  | International marketing |

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| --- | --- |
| E.  | Global marketing |

Temporary surpluses caused by variations in production levels or demand may result in infrequent marketing overseas. |

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| *AACSB: AnalyticBlooms: UnderstandDifficulty Level: 2 MediumLearning Objective: 01-06 The progression of becoming a global marketerTopic: Stages of International Marketing Involvement* |

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| 75. | James Bright’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 of the following stages best characterizes the stage of international marketing involvement for Mr. Bright’s company?

|  |  |
| --- | --- |
| A.  | Infrequent foreign marketing  |

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| --- | --- |
| B.  | Regular foreign marketing  |

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| --- | --- |
| C.  | No direct foreign marketing  |

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| --- | --- |
| **D.**  | International marketing  |

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| E.  | Internal marketing  |

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.  |

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| *AACSB: Reflective ThinkingBlooms: ApplyDifficulty Level: 2 MediumLearning Objective: 01-06 The progression of becoming a global marketerTopic: Stages of International Marketing Involvement* |

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| 76. | Maria Peron’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 Ms. Peron’s company?

|  |  |
| --- | --- |
| A.  | Infrequent foreign marketing  |

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| --- | --- |
| B.  | Test marketing  |

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| --- | --- |
| C.  | No direct foreign marketing  |

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| --- | --- |
| D.  | Internal marketing  |

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| **E.**  | Global marketing  |

At the global marketing stage, companies treat the world, including their home market, as one market. Market segmentation decisions are no longer focused on national borders.  |

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| *AACSB: Reflective ThinkingBlooms: ApplyDifficulty Level: 3 HardLearning Objective: 01-06 The progression of becoming a global marketerTopic: Stages of International Marketing Involvement* |

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| 77. | Ajax Corporation has decided to enter the international marketing arena by marketing its products on a country-by-country basis, with separate marketing strategies for each country. The company is using which of the following concepts to formulate its international policies and strategies?

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| --- | --- |
| A.  | Domestic market extension concept  |

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| --- | --- |
| **B.**  | Multidomestic market concept  |

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| --- | --- |
| C.  | Mass marketing concept  |

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| --- | --- |
| D.  | Universal marketing concept  |

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| E.  | Standardized marketing concept  |

Companies in the multidomestic/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.  |

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| *AACSB: Reflective ThinkingBlooms: ApplyDifficulty Level: 2 MediumLearning Objective: 01-06 The progression of becoming a global marketerTopic: Stages of International Marketing Involvement* |

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| 78. | Regular foreign marketing stage differs from the international marketing stage as companies at the regular foreign marketing stage:

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| A.  | fail to actively seek customers in international markets.  |

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| B.  | market their products in international markets only when there is a surplus in production.  |

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| --- | --- |
| C.  | fail to represent careful strategic thinking about international expansion.  |

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| --- | --- |
| D.  | lack permanent productive capacity that is devoted for production of goods and services to be marketed in international markets.  |

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| **E.**  | focus all their operations and production to service the domestic market needs even though they are interested in foreign markets.  |

At the level of regular foreign marketing, firms have a 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.  |

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| *AACSB: AnalyticBlooms: UnderstandDifficulty Level: 2 MediumLearning Objective: 01-06 The progression of becoming a global marketerTopic: Stages of International Marketing Involvement* |

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| 79. | Which of the following is true of firms in the first two stages of international marketing involvement—no direct foreign marketing and infrequent foreign marketing?

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| A.  | They do not begin internationalization at these stages.  |

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| B.  | They take a strategic approach to decision making regarding international expansion.  |

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| **C.**  | They are more reactive in nature and embark on internationalization without planning.  |

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| D.  | They intend to maintain a continuous market representation in foreign markets.  |

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| E.  | They are a result of dedicated production capacity maintained for foreign markets.  |

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

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 2 MediumLearning Objective: 01-06 The progression of becoming a global marketerTopic: Stages of International Marketing Involvement* |

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| 80. | In which of the following stages of international marketing involvement, 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.  | Infrequent foreign marketing  |

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| --- | --- |
| **C.**  | Regular foreign marketing  |

|  |  |
| --- | --- |
| D.  | International marketing  |

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| E.  | Global marketing  |

At this 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.  |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 1 EasyLearning Objective: 01-06 The progression of becoming a global marketerTopic: Stages of International Marketing Involvement* |

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| 81. | The firms at the stage of regular foreign marketing of international marketing involvement:

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| A.  | sell products that are a result of planned production in markets in various countries.  |

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| **B.**  | primarily focus all their operations and production to service domestic market needs.  |

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| C.  | have a global perspective and view the entire world as one market devoid of any segments based on nationality.  |

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| D.  | have half their sales revenues coming from international markets.  |

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| E.  | have no intention of maintaining continuous market representation in foreign markets.  |

For a firm at the stage of regular foreign marketing of international marketing involvement, the primary focus of operations and production is to service domestic market needs. However, as overseas demand grows, production is allocated for foreign markets, and products may be adapted to meet the needs of individual foreign markets.  |

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| *AACSB: AnalyticBlooms: UnderstandDifficulty Level: 2 MediumLearning Objective: 01-06 The progression of becoming a global marketerTopic: Stages of International Marketing Involvement* |

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| 82. | Which of the following is true of firms at the international marketing stage of marketing involvement?

|  |  |
| --- | --- |
| A.  | The primary focus of operations and production is to service domestic market needs.  |

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| --- | --- |
| B.  | As domestic demand increases and absorbs surpluses, foreign sales activity is reduced or even withdrawn.  |

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| C.  | Profit expectations from foreign markets are seen primarily as a bonus in addition to regular domestic profits.  |

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| **D.**  | Planning generally entails production of goods outside the home market.  |

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| E.  | The firm treats the world, including the home market, as one market.  |

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.  |

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| *AACSB: AnalyticBlooms: UnderstandDifficulty Level: 2 MediumLearning Objective: 01-06 The progression of becoming a global marketerTopic: Stages of International Marketing Involvement* |

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| 83. | What is the most profound change for firms at the global marketing stage of internationalization?

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| --- | --- |
| A.  | Planning involves production of goods outside the home market.  |

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| --- | --- |
| B.  | Sales to foreign markets are made as and when goods become available.  |

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| C.  | Temporary surpluses marketed in foreign markets is the only element of internationalization.  |

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| --- | --- |
| **D.**  | Companies treat the world, along with home market, as one market.  |

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| E.  | Production capacity exceeds domestic demand.  |

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.  |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 2 MediumLearning Objective: 01-06 The progression of becoming a global marketerTopic: Stages of International Marketing Involvement* |

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| 84. | Which of the following firms/products reflects a global marketing orientation?

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| --- | --- |
| A.  | A skin-lightening cream aimed at African American women. |

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| --- | --- |
| B.  | A company promoting Latino jazz musicals. |

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| **C.**  | A firm producing highly cost-effective and durable computers. |

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| D.  | A famous restaurant in Singapore that specializes in Oriental food. |

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| --- | --- |
| E.  | A Japanese to English translation software. |

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. |

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| *AACSB: Reflective ThinkingBlooms: ApplyDifficulty Level: 2 MediumLearning Objective: 01-06 The progression of becoming a global marketerTopic: Stages of International Marketing Involvement* |

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| 85. | 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.

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| --- | --- |
| A.  | domestic market extension  |

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| --- | --- |
| B.  | no direct foreign marketing  |

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| --- | --- |
| **C.**  | global marketing  |

|  |  |
| --- | --- |
| D.  | internal marketing  |

|  |  |
| --- | --- |
| E.  | infrequent foreign marketing  |

Recognizing that foreign penetration of U.S. markets can cause serious competitive pressure, loss of market share, and, occasionally, severe financial harm, the import relief section of the Omnibus Trade and Competitiveness Act provides a menu of remedies for U.S. businesses adversely affected by imports.  |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 1 EasyLearning Objective: 01-06 The progression of becoming a global marketerTopic: Stages of International Marketing Involvement* |

**Essay Questions**

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| 86. | List out the events or trends that have shaped international business beyond today’s bumpy roads and into the future.   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; (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 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. |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 2 MediumLearning Objective: 01-01 The benefits of international marketsTopic: Global Perspective: Global Commerce Causes Peace* |

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| 87. | Define international marketing. How it is different from domestic marketing?  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. 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. |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 2 MediumLearning Objective: 01-02 The changing face of U.S. businessTopic: International Marketing Defined* |

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| 88. | Why is the international marketer’s task more difficult than that of the domestic marketer?  The international marketer’s task is more complicated than that of the domestic marketer because 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. |

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| *AACSB: Reflective ThinkingBlooms: UnderstandDifficulty Level: 2 MediumLearning Objective: 01-03 The scope of the international marketing taskTopic: The International Marketing Task* |

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| 89. | How can a manager construct a marketing program designed for optimal adjustment to the uncertainty of the business climate?  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. |

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| *AACSB: AnalyticBlooms: UnderstandDifficulty Level: 2 MediumLearning Objective: 01-03 The scope of the international marketing taskTopic: The International Marketing Task* |

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| 90. | List the domestic environment uncontrollables that influence an international marketer.  The aspects of the domestic environment uncontrollables 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. |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 2 MediumLearning Objective: 01-03 The scope of the international marketing taskTopic: The International Marketing Task* |

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| 91. | Explain with an example how domestic competition affects prospects of an international marketer.  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. Competition within its home country affects a company’s domestic as well as international plans. |

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| *AACSB: Reflective ThinkingBlooms: ApplyDifficulty Level: 3 HardLearning Objective: 01-03 The scope of the international marketing taskTopic: The International Marketing Task* |

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| 92. | Explain how the “alien status” of a company amplifies the political and legal issues faced by the company in a foreign market.  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. |

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| *AACSB: AnalyticBlooms: UnderstandDifficulty Level: 3 HardLearning Objective: 01-03 The scope of the international marketing taskTopic: The International Marketing Task* |

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| 93. | What are the primary obstacles to success in international marketing?  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. |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 2 MediumLearning Objective: 01-04 The importance of the self-reference criterion (SRC) in international marketingTopic: The Self-Reference Criterion and Ethnocentrism: Major Obstacles* |

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| 94. | 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.   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. |

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| 95. | Describe the “regular foreign marketing” stage of international marketing involvement.  At the “regular foreign marketing” stage, the firm has permanent productive capacity devoted to the production of goods and services to be marketed in foreign markets. A firm may employ foreign or domestic overseas intermediaries, or it may have its own sales force or sales subsidiaries in important foreign markets. The primary focus of operations and production is to service domestic market needs. However, as overseas demand grows, production is allocated for foreign markets, and products may be adapted to meet the needs of individual foreign markets. Profit expectations from foreign markets move from being seen as a bonus in addition to regular domestic profits to a position in which the company becomes dependent on foreign sales and profits to meet its goals. |

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| *AACSB: AnalyticBlooms: RememberDifficulty Level: 2 MediumLearning Objective: 01-06 The progression of becoming a global marketerTopic: Stages of International Marketing Involvement* |