International Marketing, 18e (Cateora)

Chapter 1 The Scope and Challenge of International Marketing

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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.

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

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

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

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

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

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

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

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

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

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

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

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

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

A) the trend toward buying American cars in Europe

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

C) the trend toward using English as the global language

D) the trend toward establishing a world currency

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

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

A) The stock market ended at a record high.

B) The U.S. and Cuba joined forces.

C) The Senate and House failed to compromise on interest rates.

D) The housing market collapsed.

E) The voters elected a third-party candidate.

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

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

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

C) Only multinational companies with large production facilities have outperformed their strictly domestic U.S. counterparts.

D) The domestic companies have reduced their manufacturing employment more than U.S. multinationals.

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

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

A) adhering strictly to their traditional methods of production and operations

B) focusing primarily on their production to exclusively meet domestic demand

C) venturing into multiple markets by investing in all of them at once

D) committing themselves completely to foreign markets

E) having beneficial relations with lobbyists of foreign markets

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

A) internal marketing

B) importing

C) performance appraisal

D) international marketing

E) domestic trade

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

A) the difference in marketing principles being followed

B) the different concepts of marketing

C) the difference in marketing theories being followed

D) the environment in which marketing plans must be implemented

E) the basic processes used to market products and services

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

A) price

B) promotion

C) research activities

D) political/legal forces

E) channels of distribution

38) \_\_\_\_\_\_\_\_ is a controllable element for an international marketer.

A) Level of technology

B) Geography and infrastructure

C) Channels-of-distribution

D) Cultural forces

E) Competitive forces

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

A) firm characteristics

B) channels-of-distribution

C) price

D) research

E) level of technology

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

A) competitive structure

B) economic climate

C) structure of distribution

D) environmental factors

E) controllable elements

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

A) firm characteristics

B) competitive structure

C) channels of distribution

D) price of the product

E) promotional measures

42) Which political action is most likely to favor international marketing?

A) placing trade embargoes on Cuba owing to widespread political instability in the country

B) the U.S. government placing a trade ban on Libya owing to rampant terrorism

C) South Africa abolishing apartheid and the U.S. lifting the embargo

D) tariff hike for imports established by China

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

43) What is an accurate description of the relationship between international business and domestic business?

A) The domestic economic climate has no effect on a company's competitive position in foreign markets.

B) Domestic businesses must focus on capital mobility toward international businesses before capital generation.

C) Countries must not restrict foreign investment even if domestic economic conditions deteriorate.

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

E) Domestic businesses are more viable than international businesses as capital tends to move toward minimum use.

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

A) prejudiced treatment by the host country's politicians and legal authorities

B) an inflated balance of trade

C) a sharp rise in domestic and international demand

D) lower trade tariffs in the host country

E) an economic situation of the magnitude of the Great Depression

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

A) controllable elements.

B) uncontrollable elements.

C) tractable elements.

D) demographic elements.

E) cultural elements.

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

A) Economic climate

B) Competition within the home country

C) Price of products

D) Political force

E) Foreign policy

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

A) international marketer has fewer uncontrollable elements to deal than a domestic marketer.

B) level of technology and cultural forces are controllable elements for the international marketer.

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

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

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

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

A) price

B) product

C) geography and infrastructure

D) promotional strategies

E) channels of distribution

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

A) political forces

B) competitive structure

C) economic climate

D) cultural forces

E) legal forces

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

A) level of technology.

B) political forces.

C) competition.

D) economic climate.

E) promotion.

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

A) level of technology

B) structure of distribution

C) competition in the domestic market

D) cultural forces

E) promotion of the product

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

A) pricing policies in the domestic market

B) research methodologies used by her company

C) promotional activities required to market the product

D) level of technology in the targeted market

E) product distribution channels adopted by his company

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

A) research

B) channel of distribution

C) product specification

D) politics

E) product promotion

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

A) a company doing moderate business in international markets because of violent history of its home country

B) a company being forced by the local government to share its core competencies in order to continue doing business

C) a product not being widely accepted in the foreign market because of its irrelevance to the customers

D) a company utilizing an identical promotional campaign it used in the domestic country

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

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

A) a conscious effort to make themselves aware of the home cultural reference in their analyses and decision making.

B) a conscious effort to anticipate the influences of both the foreign and domestic uncontrollable factors on a marketing mix and then to adjust the marketing mix to minimize the effects.

C) the notion that people in one's own company or country know best how to do things.

D) the process of identifying the similarities that exists between the domestic and foreign markets.

E) an unconscious reference to one's own cultural values, experiences, and knowledge as a basis for decisions and then to adjust the marketing mix in order to closely reflect these decisions.

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

A) sympathy

B) self-actualization

C) ethnocentrism

D) empathy

E) collectivism

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

A) Xenocentrism

B) Holism

C) Self-reference criterion

D) Segregation

E) Orientalism

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

A) self-space principle

B) segregation principle

C) integration criterion

D) space command criterion

E) self-reference criterion

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

A) differentiation

B) marketing myopia

C) ethnocentrism

D) multiculturalism

E) pluralism

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

A) polycentrism

B) pluralism

C) xenocentrism

D) ethnocentrism

E) relativism

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

A) collectivism

B) self-reference criterion

C) tragedy of the commons

D) individualism

E) marketing myopia

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

A) reduce interaction with a culturally diverse audience.

B) design products and services in a traditional manner.

C) recognize their effects on our behavior.

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

E) establish beneficial relations with the host country's government.

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

A) redefining the problem without the SRC influence

B) solving the problem for the optimum business goal situation

C) isolating the SRC influence in the problem

D) defining the business problem or goal in home-country cultural traits, habits, or norms

E) examining the isolated SRC influence to see how it complicates the problem

64) Why does understanding one's own culture require additional study?

A) to find out why cultural traits in one's own country does not affect market behavior

B) because much of the cultural influence on market behavior is at the subconscious level

C) since without which, understanding the cultural traits of one's own country is impossible

D) because an average manager must have extensive cultural knowledge of all countries in the world

E) because cultural influence on one's own market behavior is generally minimal

65) A globally aware manager is characterized by

A) using one's home culture's values alone to market one's products in foreign countries

B) accepting the cultural ways of another individual as his or her own

C) tolerating cultural differences and allowing others to be different and equal

D) discarding one's home culture's standards to adopt the global cultural standards

E) controlling any influences that the global cultural standards may have on the marketing process

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

A) a sound financial background

B) better political connections

C) an understanding of foreign investment opportunities

D) an understanding of macroeconomics

E) knowledge of the foreign country's history

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

A) hiring entry-level employees based on the sole criterion of global awareness

B) organizing frequent employee trips to foreign cultures to increase their sensitivity

C) increasing the diversity mix of the front-level employee profile

D) having a culturally diverse senior executive staff or board of directors

E) promoting social networking as a means to improve inter-cultural communication

68) Which firm seems better equipped for internationalization?

A) a firm that sells its products only to those foreign customers who directly contact the firm

B) a firm that has a production capacity that is larger than home market demand

C) a firm that focuses its production activities on meeting the demands in the home market

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

E) a firm that has little intention of maintaining a continuous market representation

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

A) Box-Co has key managers well-networked internationally.

B) Ironworks International uses more traditional manufacturing practices.

C) Piano Plus primarily focuses all its operations and production capacities to meet the domestic market needs.

D) Animal Awareness and Action refrains from using the Internet as its major communication platform.

E) Kenilworth Karts has larger home markets and smaller production capacities.

70) When considering the stages of international marketing involvement, it is important to remember that

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

B) the international marketing stage is a direct result of temporary surpluses caused by variations in production levels or demand.

C) a larger home market with a smaller production base favors internationalization.

D) a firm may be in more than one stage simultaneously.

E) at the global marketing level, a firm focuses on market segmentation based on geographical borders.

71) In the context of stages of international marketing involvement, a company's product reaches a foreign market without any conscious effort on the part of a marketer during which stage of the process?

A) infrequent foreign marketing stage

B) regular foreign marketing stage

C) no direct foreign marketing stage

D) international marketing stage

E) global marketing stage

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

A) frequent foreign marketing

B) active foreign marketing

C) global marketing

D) regular foreign marketing

E) no direct foreign marketing

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

A) infrequent foreign marketing stage

B) regular foreign marketing stage

C) no direct foreign marketing stage

D) international marketing stage

E) global marketing stage

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

A) infrequent foreign marketing

B) domestic marketing

C) no direct foreign marketing

D) international marketing

E) internal marketing

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

A) infrequent foreign marketing

B) test marketing

C) no direct foreign marketing

D) internal marketing

E) global marketing

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

A) domestic market extension

B) multidomestic market

C) mass marketing

D) regional marketing

E) standardized marketing

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

A) A company currently has large home markets but smaller production capacities.

B) A company has home country managers who have never worked outside of the home country.

C) A company wants to pair with an existing international company to access technology.

D) A company has minimal storage and transportation capabilities.

E) A company has high-technology resources already in place.

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

A) They do not begin internationalization at these stages.

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

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

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

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

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

A) no direct foreign marketing

B) internal marketing

C) regular foreign marketing

D) international marketing

E) financial marketing

80) In the infrequent foreign marketing stage of international marketing involvement, firms

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

B) no longer make market segmentation decisions on the basis of national borders.

C) have a global perspective and view the entire world as one market.

D) have more than half their sales revenues coming from international markets.

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

81) A firm that is involved with the international marketing stage of marketing involvement will

A) have its primary focus of operations and production on servicing domestic market needs.

B) reduce foreign sales activity.

C) consider profit expectations from foreign markets as a bonus in addition to regular domestic profits.

D) plan both marketing and production of goods outside the home market.

E) consider international marketing only when there is a surplus of goods.

82) What is the most profound change for firms at the global marketing stage of internationalization?

A) More than half of the multinational firm's revenue is generated from domestic markets.

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

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

D) Companies treat the world, along with home market, as one market.

E) Domestic demand always exceeds the firm's production capacity.

83) Which one of the following firms/products reflects a global marketing orientation?

A) skin-care products aimed at African American women

B) a company promoting Latino jazz musicals

C) a firm producing highly cost-effective and durable computers to attract students and young people under 25

D) a famous restaurant in Singapore specializing in Eurasian fusion food

E) a Japanese to English translation software

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

A) domestic market extension

B) no direct foreign marketing

C) global marketing

D) internal marketing

E) infrequent foreign marketing

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

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

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

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

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

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

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

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

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

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