

Chapter 1: The Global Marketing Imperative

TRUE/FALSE

1. Firms that operate in North America (domestic only) pay significantly higher wages than international firms.

ANS: F PTS: 1 DIF: Moderate REF: Page 4

2. In the definition of global marketing, the major foundation of this process is the planning, coordination, and integration of marketing activities across multiple country markets.

ANS: T PTS: 1 DIF: Easy REF: Page 5

3. Due to their greater profitability and longevity, workplace security is greater for employees working for local firms than for those working for global firms.

ANS: F PTS: 1 DIF: Moderate REF: Page 4

4. In global marketing, the firm is no longer dealing with a familiar set of cultural, social, economic, political, and market conditions.

ANS: T PTS: 1 DIF: Easy REF: Page 5

5. Those who do not participate in global marketing transactions are still exposed to global marketing and subject to its changing influences.

ANS: T PTS: 1 DIF: Moderate REF: Page 10

6. Wider market reach and more customers have resulted in international firms achieving lower costs and higher profits abroad in comparison to home.

ANS: F PTS: 1 DIF: Difficult REF: Page 3

7. To achieve success in the art of international marketing, it is necessary to know a lot about its technological aspects.

ANS: F PTS: 1 DIF: Difficult REF: Page 11

8. Given all the advantages of global marketing, all practitioners are eager to participate in the international market.

ANS: F PTS: 1 DIF: Moderate REF: Page 4

9. Global marketing is a result of the recognition of the potential advantages of strategy integration across country's markets.

ANS: T PTS: 1 DIF: Easy REF: Page 12

10. The effect of closer global linkages on the economics of countries has been dramatic.

ANS: T PTS: 1 DIF: Moderate REF: Page 13

11. The terms global marketing and international marketing are often used interchangeably because they mean the exact same thing.

ANS: F PTS: 1 DIF: Difficult REF: Page 8

12. Globalization of markets refers to the ability of firms to shift their manufacturing operations to countries around the world to take advantage of lower wage rates and government incentives.

ANS: F PTS: 1 DIF: Difficult REF: Page 8

13. A Canadian manufacturer may service global markets in any part of the world, depending on the relative costs associated with doing business in each locale.

ANS: T PTS: 1 DIF: Easy REF: Page 16

14. In many cases, expanded market participation and activity concentration can slow down the accumulation of learning and experience.

ANS: F PTS: 1 DIF: Difficult REF: Page 18

15. Economies of scope refers to the reduction in per unit cost of production as the firm expands its level of production.

ANS: F PTS: 1 DIF: Moderate REF: Page 11

16. Many firms do not participate in the global market because they feel international marketing should only be carried out by large, multinational corporations.

ANS: T PTS: 1 DIF: Moderate REF: Page 17

17. Small firms cannot be major players in the world market.

ANS: F PTS: 1 DIF: Moderate REF: Page 17

18. In a recent research project, Canada was ranked second most globalized country in the world.

ANS: F PTS: 1 DIF: Moderate REF: Page 14

19. All Canadian firms are able to participate in global markets without restrictions.

ANS: F PTS: 1 DIF: Moderate REF: Page 15

20. International marketing is much more than the science and art of business; it includes economics, anthropology, cultural studies, geography, history, languages, jurisprudence, statistics, demographics, and many other fields.

ANS: T PTS: 1 DIF: Moderate REF: Page 5

MULTIPLE CHOICE

1. Which of the following is the best definition of international marketing?
- a. Planning and conducting economic forecasting in developing countries
 - b. Creating a subsidiary in a neighboring country
 - c. The process of planning, coordination, and integration of marketing activities across multiple country markets.
 - d. Hiring employees from other countries to assist with advertising messages.

ANS: C PTS: 1 DIF: Moderate REF: Page 8

2. Which of the following is a benefit of global marketing?
- a. Higher costs
 - b. Market unification
 - c. Lower production costs
 - d. Workforce similarity

ANS: C PTS: 1 DIF: Moderate REF: Page 3

3. Firms learn much from which of the following?
- a. Their home managers
 - b. Their competitors
 - c. Their customers
 - d. Their foreign managers

ANS: B PTS: 1 DIF: Difficult REF: Page 4

4. Which of the following groups of people benefit the most from global marketing activities as a result of greater profitability and longevity?
- a. Workers
 - b. Retailers
 - c. Competitors
 - d. Wholesalers

ANS: A PTS: 1 DIF: Moderate REF: Page 4

5. Which of the following is a benefit that consumers experience as a result of free enterprise and global markets?
- a. Better quality of life
 - b. Less product choice
 - c. Higher prices
 - d. Reduced product availability

ANS: C PTS: 1 DIF: Moderate REF: Page 4

6. Global marketing results in:

- a. A more separated society
- b. Varied efficiency in business transactions
- c. Inefficiencies in production
- d. Improved quality of life

ANS: D PTS: 1 DIF: Moderate REF: Page 6

7. Which of the following is correct with regards to economies of scale?

- a. Longer production runs and lower output translates into lower cost per unit
- b. Shorter production runs and lower output translates into higher cost per unit
- c. Longer production runs and lower output translates into higher cost per unit
- d. Longer production runs and increased output translates into lower cost per unit

ANS: D PTS: 1 DIF: Difficult REF: Page 11

8. The fall of government barriers in the last several years has:

- a. Facilitated the globalization of markets and the activities of marketers within them
- b. Complicated the globalization of markets and the buying patterns of consumers
- c. Facilitated the development of products and the increasing of prices
- d. Fragmented the markets in a significant way

ANS: A PTS: 1 DIF: Difficult REF: Page 12

9. The removal of ____ barriers is indicative of the changes taking place around the world on a greater scale.

- a. Social
- b. Fiscal
- c. Scientific
- d. Competitive

ANS: B PTS: 1 DIF: Moderate REF: Page 12

10. Globalization of production differs from globalization of markets in that it refers to the ability of firms to shift their manufacturing operations to countries around the world to take advantage of:

- a. Higher wage rates
- b. Lower wage rates
- c. Convergence of consumer tastes
- d. Global brands

ANS: B PTS: 1 DIF: Moderate REF: Page 10

11. Globalization reflects a business orientation based on the belief that the world is becoming:

- a. More heterogeneous and that distinctions between national markets are fading
- b. More homogeneous and that distinctions between domestic markets are increasing
- c. More heterogeneous and that distinctions between national markets are increasing
- d. More homogeneous and that distinctions between national markets are fading

ANS: D PTS: 1 DIF: Difficult REF: Page 11

12. The drivers of globalization can be divided into:
- a. Market, price, environmental, competitive factors
 - b. Price, market, competitive, and domestic factors
 - c. Market, cost, environmental, and competitive factors
 - d. Market, cost, environmental, and customer factors

ANS: C PTS: 1 DIF: Moderate REF: Page 12

13. ____ is the definition of economies of scope:
- a. The reduction in per unit cost of production as the firm expands its level of production
 - b. Reduced cost per unit as the firms spreads its total costs over a larger number or brands, product lines, or target markets
 - c. Increased cost per unit as the firms spreads its total costs over a larger number or brands, product lines, or target markets
 - d. The increase in unit cost of production as the firm expands its level of production

ANS: B PTS: 1 DIF: Difficult REF: Page 11

14. In many cases, expanded market penetration and activity concentration can ____ the accumulation of learning and experience:
- a. Decrease
 - b. Improve
 - c. Eliminate
 - d. Accelerate

ANS: D PTS: 1 DIF: Moderate REF: Page 12

15. Research has shown that the vast majority of large firms generate most of their sales:
- a. In their home regions
 - b. In their overseas regions
 - c. By increasing prices overseas
 - d. By increasing product variety

ANS: A PTS: 1 DIF: Moderate REF: Page 9

16. "Glocal Marketing" reflects the need for balance between:
- a. Standardization and local marketing
 - b. Global marketing and global thinking
 - c. Local marketing and standardization
 - d. Global marketing and local marketing

ANS: D PTS: 1 DIF: Easy REF: Page 13

17. ____ are networks of companies that collaborate in the achievement of specific, mutually beneficial corporate objectives.
- a. Multinational companies
 - b. Competitive alliances
 - c. Strategic alliances
 - d. International companies

ANS: C PTS: 1 DIF: Moderate REF: Page 9

18. Global marketing requires that:

- a. Firms sell at higher prices in home markets than in foreign markets
- b. Operate in multiple countries simultaneously
- c. The same products be offered in all markets
- d. The products be sold at the same prices in all markets

ANS: B PTS: 1 DIF: Moderate REF: Page 9

19. The difference between transactions that take place in global marketing and those that take place in domestic marketing is that transactions that take place in global marketing are:

- a. Between entities in similar countries
- b. Between customers in similar countries
- c. Between entities in different countries
- d. Between customers in different countries

ANS: C PTS: 1 DIF: Moderate REF: Page 10

20. The term “global marketing” was popularized by Theodore Levitt in the ____?

- a. 1970's
- b. 1960's
- c. 1990's
- d. 1980's

ANS: D PTS: 1 DIF: Moderate REF: Page 7

21. The emergence of technology has created new markets for companies. Which of the following represents an example of this new market tendency?

- a. The construction of corner drugstores that replace gas stations
- b. Listing of ingredients on the side panel labels of products distributed worldwide
- c. Newspapers being distributed on-line as opposed to physically on newsprint
- d. Storage facilities rented by the month

ANS: C PTS: 1 DIF: Moderate REF: Page 11

22. Apple's iPod media player has an estimated ____% of worldwide sales.

- a. 30
- b. 45
- c. 20
- d. 25

ANS: D PTS: 1 DIF: Moderate REF: Page 12

23. In contrast to industries such as paper and soft drinks, industries such as government procurement are:

- a. Quite easy to enter
- b. Difficult to enter
- c. Still quite closed
- d. Very competitive

ANS: C PTS: 1 DIF: Moderate REF: Page 12

24. In order to serve the Japanese market, Caterpillar formed a heavy-equipment joint venture with:

- a. Komatsu
- b. Mitsubishi
- c. General Electric
- d. Toyota

ANS: B PTS: 1 DIF: Moderate REF: Page 13

25. Canada is ranked the third most globalized country in the world behind:

- a. Japan and the United States
- b. Sweden and France
- c. Sweden and the United States
- d. Japan and Denmark

ANS: C PTS: 1 DIF: Moderate REF: Page 14

26. The following is an example of a Canadian company that faces restrictions in terms of its participation in global markets:

- a. Lululemon
- b. Canadian Superstore
- c. La Senza
- d. Caron's Farm

ANS: D PTS: 1 DIF: Moderate REF: Page 15

27. Maple syrup accounts for ____% of Quebec's agriculture.

- a. 5
- b. 10
- c. 2
- d. 20

ANS: C PTS: 1 DIF: Moderate REF: Page 15

28. Which of the following was trashed by angry protestors in Switzerland in February 2000?

- a. McDonald's
- b. Burger King
- c. Government offices
- d. Residential homes

ANS: A PTS: 1 DIF: Moderate REF: Page 15

29. One way to guard against market saturation of a product is:

- a. to lower interest rates.
- b. to delay introduction of a new product.
- c. to personalize the message to the customer.
- d. to lengthen or rejuvenate product life cycles in other countries.

ANS: D PTS: 1 DIF: Difficult REF: Page 12

30. Export-import trade, licensing, joint ventures, wholly owned subsidiaries, turnkey operations, and management contracts are examples of what?

- a. Global positioning systems
- b. Transparent industries
- c. Televisual optimization
- d. International marketing

ANS: D PTS: 1 DIF: Moderate REF: Page 9

31. Many firms commit grave mistakes, which lead to inefficiency, lack of consumer acceptance, and sometimes even corporate failure because executives believe that:

- a. parents of children in domestic families watch too much television.
- b. the influence of music on the masses dictates morals for a new generation.
- c. Incomplete research affects the learning curve.
- d. that international customers are just like the ones the firm deals with at home.

ANS: D PTS: 1 DIF: Moderate REF: Page 17

32. Size of the market expected to be global in the early 21st century is well over ____:

- a. \$30 billion
- b. \$25 billion
- c. \$15 billion
- d. \$21 billion

ANS: D PTS: 1 DIF: Difficult REF: Page 17

33. According to the text, international marketing differs from domestic marketing in three substantial ways. What are the three differences that marketers must take into account when conducting business internationally?

- a. Distance, products, and ideas
- b. Threats, exceptions, and tolerance
- c. Postage rates, telephone signals, and personal contact
- d. Different laws, cultures, and societies

ANS: D PTS: 1 DIF: Difficult REF: Page 7

34. Common cultural pressures result in similar social phenomena and behavior around the world. To what does the text attribute more frequent shopping worldwide?

- a. The emergence of uniform currency worldwide
- b. More dual-income families
- c. Common ancestral beginnings
- d. The rise in nuclear family units

ANS: B PTS: 1 DIF: Moderate REF: Page 14

35. Which of the following is an example of industries that are near extinction because of the inability of these groups to adjust to new technology?

- a. VCRs in the U.S
- b. toy makers
- c. air conditioning manufacturers
- d. shopping malls

ANS: A PTS: 1 DIF: Moderate REF: Page 11

SHORT ANSWER

1. What is the difference between economies of scale and economies of scope?

ANS:

Economies of scale refers to the reduction in per unit cost of production as the firm expands its level of production. Economies of scope, on the other hand, refers to reduced cost per unit as the firm spreads its total costs (production, marketing, and R&D) over a larger number of brands, product lines, or target markets.

PTS: 1 DIF: Moderate REF: Page 11

2. What are the two forms of globalization?

ANS:

The two forms are globalization of markets and the globalization of production. Globalization of markets refers to the convergence of consumer tastes around the world and the globalization of production refers to the ability of firms to shift their manufacturing operations to countries around the world to take advantage of lower wage rates and government incentives.

PTS: 1 DIF: Difficult REF: Page 6

3. What are FDI and Strategic Alliance forms of and what is the difference between FDI and Strategic Alliance?

ANS:

FDI and Strategic Alliance are two forms of foreign market entry methods. FDI refers to capital inflows from abroad that are used to create or expand a company's long-term interest in an enterprise. Strategic Alliances are networks of companies that collaborate in the achievement of specific, mutually beneficial corporate objectives. Companies form strategic alliances as a way of developing new markets and sharing the risk of foreign market entry.

PTS: 1 DIF: Moderate REF: Page 8-9