

Global Marketing, 9e (Keegan)

Chapter 1 Introduction to Global Marketing

1) The best-selling smartphone in China is marketed by:

- A) Samsung.
- B) Xiaomi.
- C) Apple.
- D) Mitsubishi.
- E) Android.

Answer: B

Difficulty: 2: Moderate

Chapter LO: 1.1: Use the product/market growth matrix to explain the various ways a company can expand globally.

AACSB: Application of knowledge

2) In global markets, Starbucks is a good example of simultaneously executing all of the growth strategies *except*:

- A) Market penetration.
- B) Market development.
- C) Product development.
- D) Market orientation.
- E) Diversification.

Answer: D

Difficulty: 2: Moderate

Chapter LO: 1.1: Use the product/market growth matrix to explain the various ways a company can expand globally.

AACSB: Application of knowledge

3) Starbucks dropped the word "Coffee" from its logo. This is an example of:

- A) Standardization.
- B) Adaptation.
- C) Diversification.
- D) Automation.
- E) Modernization.

Answer: C

Difficulty: 2: Moderate

Chapter LO: 1.1: Use the product/market growth matrix to explain the various ways a company can expand globally.

AACSB: Application of knowledge

4) McDonald's developed a vegetarian burger in India. This is an example of:

- A) Market Penetration.
- B) Market Development.
- C) Market Diversification.
- D) Product Development.
- E) Global Marketing.

Answer: D

Difficulty: 2: Moderate

Chapter LO: 1.1: Use the product/market growth matrix to explain the various ways a company can expand globally.

AACSB: Application of knowledge

5) A fundamental difference between regular marketing and global marketing is the:

- A) lack of marketing mix.
- B) scope of activities.
- C) lack of strategic planning.
- D) focus on resources.
- E) lack of communication.

Answer: B

Difficulty: 2: Moderate

Chapter LO: 1.1: Use the product/market growth matrix to explain the various ways a company can expand globally.

AACSB: Application of knowledge

6) Walmart exited from the German market due to the fact that Germans

- A) could find lower prices at discount stores.
- B) preferred shopping in larger malls.
- C) did not care for American businesses.
- D) preferred "all-in-one" store.
- E) preferred only European businesses.

Answer: A

Difficulty: 2: Moderate

Chapter LO: 1.1: Use the product/market growth matrix to explain the various ways a company can expand globally.

AACSB: Application of knowledge

7) Starbucks entered India via an alliance with the Tata Group. They are sourcing coffee beans in India and marketing them at Starbucks stores throughout the world. This is an example of:

- A) Market Penetration.
- B) Market Development.
- C) Market Diversification.
- D) Product Development.
- E) Regular Marketing.

Answer: B

Difficulty: 2: Moderate

Chapter LO: 1.1: Use the product/market growth matrix to explain the various ways a company can expand globally.

AACSB: Application of knowledge

8) Four decades ago, the phrase *global marketing* did not exist.

Answer: TRUE

Difficulty: 1: Easy

Chapter LO: 1.1: Use the product/market growth matrix to explain the various ways a company can expand globally.

AACSB: Application of knowledge

9) A critical reason why companies need to take global marketing seriously is survival.

Answer: TRUE

Difficulty: 2: Moderate

Chapter LO: 1.1: Use the product/market growth matrix to explain the various ways a company can expand globally.

AACSB: Application of knowledge

10) A fundamental difference between regular marketing and global marketing is the scope of activities.

Answer: TRUE

Difficulty: 1: Easy

Chapter LO: 1.1: Use the product/market growth matrix to explain the various ways a company can expand globally.

AACSB: Application of knowledge

11) Starbucks offers a loyalty card and rewards program in the United States with an app that displays a bar code that can be scanned by the barista. This is an example of "market development."

Answer: FALSE

Difficulty: 2: Moderate

Chapter LO: 1.1: Use the product/market growth matrix to explain the various ways a company can expand globally.

AACSB: Analytical thinking

12) If Nestlé decides not to market biscuits (cookies) in the United States due to competitive reasons, it is considered to be having a lack of strategic focus and missed opportunity.

Answer: FALSE

Difficulty: 2: Moderate

Chapter LO: 1.1: Use the product/market growth matrix to explain the various ways a company can expand globally.

AACSB: Analytical thinking

13) What is "global marketing" and how does it differ from "regular marketing"? Giving examples of at least one major corporation that explains these differences.

Answer: Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers. An organization that engages in global marketing focuses its resources and competencies on global market opportunities and threats. A fundamental difference between "regular marketing" and "global marketing" is the scope of activities. A company that engages in global marketing conducts important business activities outside the home-country market. For example, as Walmart expands into Guatemala and other Central America countries, it is implementing a market development strategy.

Difficulty: 2: Moderate

Chapter LO: 1.1: Use the product/market growth matrix to explain the various ways a company can expand globally.

AACSB: Application of knowledge

14) The essence of marketing worldwide is to surpass the competition in creating perceived value, which can be represented as:

A) Value = Price/Benefits.

B) Value = Benefits/Price.

C) Value = Benefits \times Price.

D) Value = Benefits - Price.

E) Value = Benefits + Price.

Answer: B

Difficulty: 3: Challenging

Chapter LO: 1.2: Describe how companies in global industries pursue competitive advantage.

AACSB: Analytical thinking

15) The marketing mix is integral to the value equation which is represented by:

A) Value = Price/Benefits.

B) Value = Benefits/Price.

C) Value = Benefits \times Price.

D) Value = Benefits - Price.

E) Value = Benefits + Price.

Answer: B

Difficulty: 3: Challenging

Chapter LO: 1.2: Describe how companies in global industries pursue competitive advantage.

AACSB: Analytical thinking

16) Renault and its rivals are racing to offer middle-class consumers a new value proposition by selling cars for the equivalent of \$10,000 or less. On the heels of Renault's success with Dacia Logan came the \$2,500 Nano from India's Tata Motors. This illustrates that:

- A) consumers are looking for low price irrespective of quality.
- B) Renault is overcharging for their cars compared to their competitors.
- C) higher product development costs are a driving force behind globalization.
- D) market success depends on reaching a threshold of acceptable quality for consumers.
- E) cars are not very popular in emerging markets like India.

Answer: D

Difficulty: 3: Challenging

Chapter LO: 1.2: Describe how companies in global industries pursue competitive advantage.

AACSB: Analytical thinking

17) Starbucks entered India via an alliance with the Tata Group. This is an example of "market penetration."

Answer: FALSE

Difficulty: 2: Moderate

Chapter LO: 1.2: Describe how companies in global industries pursue competitive advantage.

AACSB: Analytical thinking

18) Starbucks dropped the word "Coffee" from its logo when it acquired a juice maker and a bakery. This is an example of "diversification."

Answer: TRUE

Difficulty: 2: Moderate

Chapter LO: 1.2: Describe how companies in global industries pursue competitive advantage.

AACSB: Analytical thinking

19) Nike dropped its well-known tag line "Just do it" in advertising women's clothing in Europe and replaced it with slogan "Here I am" since college-age women in Europe are not as competitive about sports as men are.

Answer: TRUE

Difficulty: 2: Moderate

Chapter LO: 1.2: Describe how companies in global industries pursue competitive advantage.

AACSB: Analytical thinking

20) The essence of marketing is to surpass the competition at the task of creating perceived value.

Answer: TRUE

Difficulty: 2: Moderate

Chapter LO: 1.2: Describe how companies in global industries pursue competitive advantage.

AACSB: Application of knowledge

21) The value equation can be represented as $\text{Value} = \text{Price} / \text{Benefits}$.

Answer: FALSE

Difficulty: 2: Moderate

Chapter LO: 1.2: Describe how companies in global industries pursue competitive advantage.

AACSB: Application of knowledge

22) McDonald's global marketing strategy is based primarily on local marketing mix elements.

Answer: FALSE

Difficulty: 2: Moderate

Chapter LO: 1.2: Describe how companies in global industries pursue competitive advantage.

AACSB: Analytical thinking

23) Nonmonetary costs do not factor into the equation of value, which is represented by the equation $\text{Value} = \text{Benefits}/\text{Price}$.

Answer: FALSE

Difficulty: 2: Moderate

Chapter LO: 1.2: Describe how companies in global industries pursue competitive advantage.

AACSB: Application of knowledge

24) Tang drink powder became a \$1 billion brand as regional managers in the Middle East added mango and pineapple flavors.

Answer: TRUE

Difficulty: 1: Easy

Chapter LO: 1.2: Describe how companies in global industries pursue competitive advantage.

AACSB: Application of knowledge

25) People and organizations that are both able and willing to buy are considered as markets.

Answer: TRUE

Difficulty: 1: Easy

Chapter LO: 1.2: Describe how companies in global industries pursue competitive advantage.

AACSB: Application of knowledge

26) When a company succeeds in creating more value for customers than its competitors do, that company is said to enjoy competitive advantage.

Answer: TRUE

Difficulty: 3: Challenging

Chapter LO: 1.2: Describe how companies in global industries pursue competitive advantage.

AACSB: Application of knowledge

27) Explain with examples the benefits of competitive advantage and show how globalization presents companies with unprecedented opportunities?

Answer: When a company succeeds in creating more value for customers than its competitors, that company is said to enjoy "competitive advantage." It is measured relative to rivals in a given industry. For example, Coca-Cola and Pepsi are trying to maintain a competitive advantage in global markets. Globalization presents companies with unprecedented opportunities as well as challenges. Achieving competitive advantage in a global industry requires executives and managers to maintain a well-defined strategic focus. Globalization provides companies with opportunities to develop new products, get new ideas, develop markets, expand brand recognition, and eventually profits.

Difficulty: 2: Moderate

Chapter LO: 1.2: Describe how companies in global industries pursue competitive advantage.

AACSB: Application of knowledge

28) Walmart's exit from the German market was due, in part, to the fact that German shoppers could find lower prices at stores known as:

- A) All-in-one stores.
- B) Dollar stores.
- C) Discount stores.
- D) Hard discounters.
- E) Fresh & Easy stores.

Answer: D

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Analytical thinking

29) The dimensions of global marketing strategy include all of the following *except*:

- A) Concentration of marketing activities
- B) Development of cultural activities
- C) Coordination of marketing activities
- D) Integration of competitive moves
- E) Integration of marketing mix

Answer: B

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Analytical thinking

30) The former chairman of Nestlé recently told an interviewer: "We are food and beverages. We are not running bicycle shops. Even in food, we are not in all fields. There are certain areas we do not touch. Also, we have no soft drinks because I have said we either buy Coca-Cola or we leave it alone." What strategic marketing principle does the chairman's comment emphasize most specifically?

- A) customer value
- B) competitive advantage
- C) focus
- D) myopia
- E) policy of dealing only with Swiss businesses

Answer: C

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Analytical thinking

31) Nike recently adopted the slogan "Here I am" for its pan-European clothing advertising targeting women. The decision to drop the famous "Just do it" tag line was based on the research indicating that:

- A) the famous slogan did not have accurate translation in European languages.
- B) Europeans do not like tag lines that portray American thinking.
- C) college-age women in Europe are not as competitive about sports as men are.
- D) the old slogan conveys superiority of men over women.
- E) European women want to differentiate themselves from men.

Answer: C

Difficulty: 3: Challenging

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Analytical thinking

32) Burberry's global marketing strategy of offering "affordable luxury" to customers in the United States, with a value proposition of being more expensive than Coach and less expensive than Prada represents a focus on:

- A) product.
- B) price.
- C) promotion.
- D) position.
- E) place.

Answer: B

Difficulty: 3: Challenging

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Analytical thinking

33) Coke's worldwide success is based on:

- A) adaptation of the marketing mix.
- B) standardization of the marketing mix.
- C) selected elements of the marketing mix.
- D) using local sales force and vending machines.
- E) using existing local infrastructure.

Answer: A

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Application of knowledge

34) McDonald's restaurants in France do not look like McDonald's elsewhere. This is an example of:

- A) think locally and act globally.
- B) think globally and act locally.
- C) diversification.
- D) standardization
- E) adaptation

Answer: A

Difficulty: 1: Easy

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Analytical thinking

35) Harley-Davidson's competitive advantage is based, in part, on it's

- A) shifting production outside of the United States.
- B) new production facility in China.
- C) "Made in the USA" positioning.
- D) simultaneous production of Buell Motorcycles.
- E) acquiring MV Augusta, an Italian motorcycle manufacturer.

Answer: C

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Analytical thinking

36) The success of Uniqlo's retail stores can be attributed to it's decision to:

- A) remain in Japan.
- B) locate in high population density areas.
- C) locate in low population density areas.
- D) manufacture most of their products in Japan.
- E) become the world's number one apparel retailer.

Answer: B

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Analytical thinking

37) A company that succeeds in global marketing:

- A) pursues a "one size fits all" strategy by creating identical products for homogeneous markets.
- B) customizes special products for each world country or region.
- C) creates both standardized and localized products.
- D) nurtures an ethnocentric management orientation.
- E) uses localized products only.

Answer: C

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Analytical thinking

38) An important managerial task in global marketing is learning to recognize the extent to which it is possible to extend marketing plans as well as the extent to which adaptation is desired. The way a company addresses this task is a reflection of the company's:

- A) market penetration.
- B) market diversification.
- C) global marketing strategy.
- D) product development.
- E) product standardization.

Answer: C

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Analytical thinking

39) Companies that fail to formulate adequate responses to the challenges and opportunities of globalization will face all of the following consequences *except*:

- A) getting absorbed by visionary enterprises.
- B) getting absorbed by dynamic enterprises.
- C) becoming locally profitable enterprises.
- D) undergoing wrenching transformations.
- E) simply disappearing from the business horizon.

Answer: C

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Analytical thinking

- 40) Statements that illustrate the success of global marketing include all of the following *except*:
- A) the Coca-Cola Company supports its Coke brand by utilizing global and local marketing mix.
 - B) Apple is synonymous with cutting-edge innovation and high-tech design.
 - C) Italy's Benetton utilizes marketing as a knee-jerk reaction to world marketing needs.
 - D) the backbone of Caterpillar's global success is its network of dealers.
 - E) Germany's reputation for engineering and manufacturing provides a competitive advantage.

Answer: C

Difficulty: 3: Challenging

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Analytical thinking

- 41) McDonald's serves McAloo Tikki Burger in India, McRice Burger in Malaysia, McOZ Burger in Australia, Kiwi Burger in New Zealand, and McHuevo Burger in Uruguay and McSamurai Burger in Thailand. These menu variations are examples of a:

- A) combination of global and local marketing mix elements.
- B) reflection of failure of U.S. menu items in those countries.
- C) deviation from successful marketing practices.
- D) replacement of standard menu names with fancy names.
- E) selection of menu items that can be sold eventually in U.S. markets.

Answer: A

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Analytical thinking

- 42) All of the following correctly states McDonald's approach to standardization and adaptation of the marketing mix *except*:

- A) McDonald's standardizes some product elements and adapts others.
- B) McDonald's standardizes some place elements and adapts others.
- C) McDonald's standardizes some promotion elements and adapts others.
- D) McDonald's standardizes some price elements and adapts others.
- E) McDonald's standardizes all product elements.

Answer: E

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Analytical thinking

43) Examples of effective global marketing by McDonald's include both standardized and localized marketing mix elements. Which of the following does *not* represent a localized element?

- A) It serves McAlloo tikki potato burger in India.
- B) It uses the advertising slogan "I'm lovin' it."
- C) It operates themed dining cars on the Swiss national rail system.
- D) It has home delivery service in India.
- E) It has slang nicknames such as MakDo in the Philippines and McDo in France.

Answer: B

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Analytical thinking

44) Globalization is presenting significant marketing opportunities to sports organizations such as the National Basketball Association and the National Football League.

Answer: TRUE

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Application of knowledge

45) A U.S. company that focuses on the countries included in the North American Free Trade Agreement (NAFTA) has a regiocentric orientation.

Answer: TRUE

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Analytical thinking

46) An industry is considered to be global to the extent that its industry position in one country is dependent upon the industry position in other countries.

Answer: FALSE

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Application of knowledge

47) A company with a geocentric orientation views the *world* as a potential market and strives to develop integrated global strategies.

Answer: TRUE

Difficulty: 3: Challenging

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Application of knowledge

48) McAlloo Tikka potato burger offered in India is an example of standardization.

Answer: FALSE

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Application of knowledge

49) What are the dimensions of global marketing strategy (GMS) that pertain to marketing management?

Answer: GMS has three dimensions that pertain to marketing management. First, "concentration of marketing activities" such as promotional campaigns or pricing decisions is performed in one or a few country locations. The second, "coordination of marketing activities," refers to the extent to which marketing activities related to the marketing mix are planned and executed interdependently around the globe. Finally, "integration of competitive moves" is the extent to which a firm's competitive marketing tactics in different parts of the world are interdependent. In essence, GMS should enhance the firm's performance on a worldwide basis.

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Application of knowledge

50) Why is it important for a firm to have global marketing strategy?

Answer: A firm's global marketing strategy (GMS) can enhance its worldwide performance. The GMS addresses several issues. First is the nature of the marketing program in terms of the balance between a standardized (extension) approach to the marketing mix elements and a localized (adaptation) approach that is responsive to country or regional differences. Second is the concentration of marketing activities in a few countries or the dispersal of such activities across many countries. Companies that engage in global marketing can also engage in coordination of marketing activities. Finally, a firm's GMS addresses the issue of global market participation.

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Application of knowledge

51) The Coca-Cola Company has convincingly demonstrated that the ability to think globally and act locally can be a source of competitive advantage. Justify this statement using examples.
Answer: Coke achieved success in Japan by spending a great deal of time and money to become an insider. The company built a complete local infrastructure with its sales force and vending machine operations. Coke's success in Japan is a function of its ability to achieve "global localization," being as much of an insider as a local company but still reaping the benefits of worldwide operations. The company is adept at adapting sales promotion, distribution, and customer service efforts to local needs. Coke has become one of the brands that have spent time and money getting this experience in unknown territories.

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Application of knowledge

52) Using McDonald's as an example, show how effective global marketing can be successfully achieved.

Answer: The particular approach to global marketing that a company adopts will depend on industry conditions and its source or sources of competitive advantage. McDonald's standardized product is Big Mac which is localized in various countries, such as McAloo Tikka Burger in India. Similar products with local slang names were used adapting to tastes in different countries. For promotion the standardized slogan "I'm lovin' it" is used whereas individual promotion is used in different countries. Freestanding restaurants are a standardized version, which is localized in several countries by having kiosks or home delivery. Similarly, the average price of Big Mac is used as a standard which is localized on the basis of currency fluctuation and affordability.

Difficulty: 2: Moderate

Chapter LO: 1.3: Compare and contrast single-country marketing strategy with global marketing strategy (GMS).

AACSB: Application of knowledge

53) Today, the success of Honda and Toyota in world markets is primarily due to:

- A) exporting cars from factories in Japan.
- B) reporting cars are made in the USA.
- C) exporting cars from Japan to European countries.
- D) assembling cars in Japan and Europe.
- E) manufacturing cars in the Americas, Asia, and Europe.

Answer: E

Difficulty: 2: Moderate

Chapter LO: 1.4: Identify the companies at the top of the Global 500 rankings.

AACSB: Analytical thinking

54) The largest single market in the world in terms of national income is the United States representing roughly _____ of the total world market for all products and services.

- A) 25%
- B) 35%
- C) 55%
- D) 65%
- E) 75%

Answer: A

Difficulty: 2: Moderate

Chapter LO: 1.4: Identify the companies at the top of the Global 500 rankings.

AACSB: Application of knowledge

55) Even though the dollar value of the home market for Japanese companies is the third largest in the world, the market outside Japan is _____ of the world market potential for Japanese companies.

- A) 40%
- B) 55%
- C) 70%
- D) 90%
- E) 95%

Answer: D

Difficulty: 1: Easy

Chapter LO: 1.4: Identify the companies at the top of the Global 500 rankings.

AACSB: Application of knowledge

56) According to the *Fortune* magazine's ranking of the global 500 companies for 2014, the largest corporation based on revenues is:

- A) Exxon Corporation.
- B) Toyota Motors.
- C) Royal Dutch Shell.
- D) General Electric.
- E) Walmart stores.

Answer: E

Difficulty: 1: Easy

Chapter LO: 1.4: Identify the companies at the top of the Global 500 rankings.

AACSB: Application of knowledge

57) As apparent from the 2014 rankings of *Fortune* magazine's global 500 companies, Volkswagen is trying to unseat _____, the world's most valuable car company.

- A) GM
- B) Daimler AG
- C) Toyota
- D) Ford
- E) Chrysler

Answer: C

Difficulty: 1: Easy

Chapter LO: 1.4: Identify the companies at the top of the Global 500 rankings.

AACSB: Application of knowledge

58) U.S. companies that wish to achieve maximum growth potential must "go global," because 25 percent of world market potential is outside their home country.

Answer: FALSE

Difficulty: 2: Moderate

Chapter LO: 1.4: Identify the companies at the top of the Global 500 rankings.

AACSB: Application of knowledge

59) According to Fortune Magazine, Walmart is ranked number one in revenue, although it currently generates only about one-third of its revenues outside the United States.

Answer: TRUE

Difficulty: 2: Moderate

Chapter LO: 1.4: Identify the companies at the top of the Global 500 rankings.

AACSB: Application of knowledge

60) The worldview of a company's personnel can be described by all of the following types of orientation *except*:

- A) Ethnocentric.
- B) Geocentric.
- C) Technocentric.
- D) Polycentric.
- E) Regiocentric.

Answer: C

Difficulty: 2: Moderate

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Application of knowledge

61) Ethnocentric orientation is sometimes associated with all of the following attitudes *except*:

- A) national arrogance.
- B) assumption of national superiority.
- C) indifference to marketing opportunities.
- D) selecting a standardized approach.
- E) selecting an adaptation approach.

Answer: A

Difficulty: 2: Moderate

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Application of knowledge

62) The cell phone division of Toshiba prospered by doing business in the domestic market. When handset sales slowed, Atsutoshi Nishida, president of Toshiba noted, "We were thinking only about Japan. We really missed our chance." This statement is indicative of _____ orientation.

- A) polycentric
- B) ethnocentric
- C) geocentric
- D) technocentric.
- E) regiocentric

Answer: B

Difficulty: 2: Moderate

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Application of knowledge

63) A person who assumes that his or her home country is superior to the rest of the world is said to have:

- A) ethnocentric orientation.
- B) polycentric orientation.
- C) regiocentric orientation.
- D) geocentric orientation.
- E) none of the above

Answer: A

Difficulty: 2: Moderate

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Application of knowledge

64) Nissan's earlier vehicles were difficult to start in many parts of the United States during the cold winter months. In northern Japan, it was customary for many car owners to put blankets over the hoods of their cars during winter months. Nissan's assumption was that Americans would do the same thing. This is an example of:

- A) ethnocentric orientation.
- B) polycentric orientation.
- C) regiocentric orientation.
- D) geocentric orientation.
- E) geopolitical orientation.

Answer: A

Difficulty: 2: Moderate

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Application of knowledge

65) At Procter & Gamble, one of the problems they were facing was that 80-plus country teams were all acting independently. Pampers Europe was not collaborating with Pampers North America. This example illustrates the differences due to their:

- A) geocentric orientation.
- B) regiocentric orientation.
- C) polycentric orientation.
- D) ethnocentric orientation.
- E) poor globalization orientation.

Answer: B

Difficulty: 2: Moderate

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Application of knowledge

66) Unilever, the Anglo-Dutch consumer products company, at one time had 30 different package designs and 48 different formulations for its Rexona deodorant brand. This is an example of:

- A) ethnocentric orientation.
- B) polycentric orientation.
- C) regiocentric orientation.
- D) geocentric orientation.
- E) transnational orientation.

Answer: B

Difficulty: 3: Challenging

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Application of knowledge

67) Transnational companies, such as Toyota and Honda, have characteristic features that include:

- A) being in both global markets and utilizing global supply chains.
- B) characterized by a mind-set of being "stateless."
- C) using both localized and standardized elements in marketing programs.
- D) decisions made on the basis of ongoing research.
- E) all of the above.

Answer: E

Difficulty: 3: Challenging

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Application of knowledge

68) A key factor that distinguishes transnational companies from international companies is their _____ for the marketing program.

- A) use of localized elements
- B) use of extension elements
- C) needs assessment
- D) domestic research
- E) mind-set

Answer: E

Difficulty: 3: Challenging

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Application of knowledge

69) A type of advantage that a global company possesses by virtue of the fact that it has experience in more than one country is referred to as:

- A) Leverage.
- B) Transferability.
- C) Flexibility.
- D) Capability.
- E) Accountability.

Answer: A

Difficulty: 2: Moderate

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Application of knowledge

70) A number of multilateral trade agreements have accelerated the pace of global integration which include:

- A) NAFTA.
- B) GATT.
- C) WTO.
- D) EU.
- E) all of the above

Answer: E

Difficulty: 1: Easy

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Application of knowledge

71) Pfizer, Merck, Novartis, and other pharmaceutical companies have little choice but to engage in global marketing since:

- A) there is little demand for their products in home countries.
- B) their research centers are located overseas.
- C) no single market is large enough to recover costs incurred in research.
- D) there is more demand overseas for their products.
- E) technology is not available in home countries.

Answer: C

Difficulty: 2: Moderate

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Application of knowledge

72) In their book, Daniel Yergin and Joseph Stanislaw wrote "Governments are getting out of businesses by disposing of what amounts to trillions of dollars of assets. Everything is going—from steel plants and phone companies . . . to hotels, restaurants, and nightclubs." This is an indication of:

- A) the fact that governments can make more money by selling assets.
- B) privatization is becoming a driving force for global marketing.
- C) these businesses are considered as closed markets.
- D) foreign companies are competing with governments.
- E) there is less demand for these type of companies.

Answer: B

Difficulty: 3: Challenging

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Application of knowledge

73) When a country like China is experiencing rapid economic growth, policymakers are likely to:

- A) look more favorably on outsiders.
- B) look less favorably on outsiders.
- C) experience more resistance toward outsiders.
- D) feel threatened by outsiders.
- E) none of the above

Answer: A

Difficulty: 3: Challenging

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Application of knowledge

74) _____ refers to some type of advantage that a company enjoys by virtue of the fact that it has experience in more than one country.

- A) Transferability
- B) Capability
- C) Accountability
- D) Leverage
- E) Flexibility

Answer: D

Difficulty: 1: Easy

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Application of knowledge

75) Some globalization strategies do not yield the expected results as evidenced by the:

- A) acquiring of majority stake in Nissan Motor by Peugeot Citroen.
- B) leverage resulting from scale economies.
- C) leverage resulting from manufacturing.
- D) larger scale improvement of quality.
- E) unravelling of the DaimlerChrysler merger.

Answer: E

Difficulty: 2: Moderate

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Application of knowledge

76) The term "polycentric" describes management's belief or assumption that each country in which a company does business is the same as the home country business.

Answer: FALSE

Difficulty: 2: Moderate

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Analytical thinking

77) Toyota and Honda are two examples of companies that exhibit key characteristics of transnationality.

Answer: TRUE

Difficulty: 2: Moderate

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Analytical thinking

78) The geocentric orientation represents a synthesis of ethnocentrism and regiocentrism.

Answer: FALSE

Difficulty: 3: Challenging

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Analytical thinking

79) Multinational companies pursuing strategies of product adaptation run the risk of failing to be successful against global competitors that have recognized opportunities to serve global customers.

Answer: TRUE

Difficulty: 2: Moderate

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Analytical thinking

80) A global company possesses the unique opportunity to develop leverage.

Answer: TRUE

Difficulty: 1: Easy

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Application of knowledge

81) Leverage from scale economies is limited to manufacturing industries.

Answer: FALSE

Difficulty: 2: Moderate

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Application of knowledge

82) A company which is ethnocentric will expand geographically.

Answer: FALSE

Difficulty: 2: Moderate

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Application of knowledge

83) Discuss the impact of management myopia and organizational culture on the globalization of a corporation?

Answer: There are several examples where management simply ignores opportunities to pursue global marketing. A company that is "nearsighted" and ethnocentric will not expand geographically. For example, Anheuser-Busch, the brewer of Budweiser beer, lost its independence after years of focusing primarily on the domestic U.S. market. Myopia is also a recipe for market disaster if headquarters attempts to dictate when it should listen. Global marketing does not work without a strong local team that can provide information about local market conditions.

Difficulty: 2: Moderate

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Application of knowledge

84) Giving examples to show the differences between ethnocentric and polycentric orientation.

Answer: A manager who assumes that his or her home country is superior to the rest of the world is said to have an ethnocentric orientation. Polycentric orientation is the opposite of ethnocentric orientation, where a manager assumes that each country in which a company does business is unique. In ethnocentric orientation, foreign operations or markets are typically viewed as being secondary or subordinate to domestic ones. For example Nissan's ethnocentric orientation caused managers to believe that consumers all over the world should and would behave as do the Japanese. In Northern Japan, people would put blankets over the hoods of their cars during cold winters and managers assumed that people in the United States should be able to do the same. Citicorp's financial company executives have polycentric orientation, where the assumption was that each country is different, and there is a need for a localized or adaptation approach.

Difficulty: 3: Challenging

Chapter LO: 1.5: Explain the stages a company goes through as its management orientation evolves from domestic and ethnocentric to global and geocentric.

AACSB: Application of knowledge

85) Anheuser-Busch, the brewer of Budweiser beer, lost its independence after years of focusing primarily on the domestic U.S. market. This is most likely a result of:

- A) management myopia.
- B) national controls.
- C) opposition to globalization.
- D) newcomers from emerging markets.
- E) organizational culture.

Answer: A

Difficulty: 2: Moderate

Chapter LO: 1.6: Discuss the driving and restraining forces affecting global integration today.

AACSB: Analytical thinking

86) In the United States, some people believe that globalization has depressed the wages of American workers resulting in the loss of both blue-collar and white-collar jobs. This is an example of:

- A) discrimination.
- B) domination.
- C) globophobia.
- D) management myopia.
- E) economic crisis.

Answer: C

Difficulty: 2: Moderate

Chapter LO: 1.6: Discuss the driving and restraining forces affecting global integration today.

AACSB: Analytical thinking

87) McDonald's has been in many country markets long enough that a new generation of consumers has grown up with McDonald's and are not aware of the company's U.S. origins. On the basis of this summary, what is the highest stage of corporate development that McDonald's arguably has achieved?

- A) international
- B) multinational
- C) global
- D) transnational
- E) myopic

Answer: D

Difficulty: 2: Moderate

Chapter LO: 1.6: Discuss the driving and restraining forces affecting global integration today.

AACSB: Analytical thinking

88) Anheuser-Busch, the brewer of Budweiser beer, lost its independence after years of focusing primarily on the U.S. market.

Answer: TRUE

Difficulty: 2: Moderate

Chapter LO: 1.6: Discuss the driving and restraining forces affecting global integration today.

AACSB: Analytical thinking

89) Globophobia is a term which describes a hostile attitude toward global brands or company policies that appear to result in hardship for some individuals or countries while benefiting others.

Answer: TRUE

Difficulty: 2: Moderate

Chapter LO: 1.6: Discuss the driving and restraining forces affecting global integration today.

AACSB: Analytical thinking

90) Global marketing does not necessarily mean operating everywhere since there are forces affecting global integration and global marketing. Justify this statement using examples based on the world economic trends.

Answer: Economic growth in key developing countries creates market opportunities that provide a major incentive for companies to expand globally. Due to the rising per capita incomes in India, China, and elsewhere, the growing ranks of middle-class consumers have more money to spend than in the past. At the same time, slow growth in industrialized countries has compelled management to look ahead for opportunities in nations or regions with high rates of growth.

Also, the economic growth has reduced resistance that might otherwise have developed in response to the entry of foreign firms into domestic economies. The worldwide movement toward free markets, deregulation, and privatization is also a driving force. The trend toward privatization is opening up formerly closed markets creating tremendous opportunities.

Difficulty: 3: Challenging

Chapter LO: 1.6: Discuss the driving and restraining forces affecting global integration today.

AACSB: Application of knowledge

91) List and describe the forces affecting local integration and global marketing.

Answer: The forces affecting local integration and global marketing are (a) Multilateral Trade Agreements such as NAFTA which has expanded trade among the United States, Canada, and Mexico; (b) converging market needs and wants and the information revolution: the development of technology has a considerable impact on the market needs and wants; (c) transportation and communication improvements: the technology for transportation and communication is changing rapidly; (d) product development costs: new products require major investments and considerable time; (e) world economic trends: growing economies worldwide have an impact on global marketing; and (f) leverage: it is an advantage that a company enjoys by virtue of having experience in more than one country.

Difficulty: 3: Challenging

Chapter LO: 1.6: Discuss the driving and restraining forces affecting global integration today.

AACSB: Application of knowledge