Test Bank for Marketing Real People Real Choices 8th Solomon

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Marketing: Real People, Real Choices, 8e **(Solomon et al.)**
Chapter 2 Global, Ethical, and Sustainable Marketing

1) _____ refers to the total value of all the exports and imports of the world's nations.
A) Countertrade
B) International marketing
C) Gross national product
D) Gross domestic product
E) World trade
Answer: E
Diff: 1
LO: 2.1: Understand the big picture of international marketing and the decisions firms must make when they consider globalization

2) Trading firms that work out elaborate deals in which they trade or barter their products with one another or even supply goods in return for tax breaks from the local government are using _____.
A) protectionism
B) competitive intelligence
C) gray marketing
D) countertrade
E) inflation
Answer: D
Diff: 1
LO: 2.1: Understand the big picture of international marketing and the decisions firms must make when they consider globalization

3) Which of the following is the first step a firm should take when deciding whether or not to go global?
A) Develop marketing mix strategies for foreign markets.
B) Analyze whether it is in the firm's best interest to focus on the domestic market or to expand to international markets.
C) Identify the most attractive global markets for the firm's products.
D) Select a market-entry strategy that fits the firm's desired level of commitment.
E) Identify potential partners in international markets.
Answer: B
Diff: 2
LO: 2.1: Understand the big picture of international marketing and the decisions firms must make when they consider globalization

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4) Exporting products overseas is an example of _____.
A) countertrade
B) a market-entry strategy
C) a marketing mix strategy
D) fair trade
E) a convertible trade
Answer: B
Diff: 2
LO: 2.1: Understand the big picture of international marketing and the decisions firms must make when they consider globalization

5) Azerbaijan imported wheat from Romania in exchange for crude oil and Vietnam exchanged rice for Philippine fertilizer and coconuts. Both scenarios are examples of which of the following?
A) convertible trade
B) tariffs
C) quotas
D) protectionism
E) countertrade
Answer: E
Diff: 2
LO: 2.1: Understand the big picture of international marketing and the decisions firms must make when they consider globalization
AACSB: Analytical Thinking

6) Management at Growing Green, a company that markets organic and environmentally friendly gardening and landscaping supplies and equipment, are evaluating the benefits and disadvantages of indirect exporting, direct exporting, and licensing. In which stage of the international marketing process is Growing Green?
A) deciding whether to go global
B) deciding which global markets are most attractive
C) deciding which market-entry strategy is best
D) deciding on the marketing mix strategies for foreign markets
E) deciding on the global marketing organization
Answer: C
Diff: 2
LO: 2.1: Understand the big picture of international marketing and the decisions firms must make when they consider globalization
AACSB: Analytical Thinking

7) The global economic crisis of 2009 had little effect on the volume of world trade that year.
Answer: FALSE
Diff: 2
LO: 2.1: Understand the big picture of international marketing and the decisions firms must make when they consider globalization

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8) A country that barters for imported products rather than paying in cash likely does so because its currency is convertible.
Answer: FALSE
Diff: 2
LO: 2.1: Understand the big picture of international marketing and the decisions firms must make when they consider globalization
AACSB: Application of Knowledge

9) Describe the four steps a firm should take when it is considering going global.
Answer: Management first needs to examine whether it is in the firm's best interest to focus exclusively on the home market or to move out into foreign markets. This is a "go" or "no go" decision. The second step, if the decision is "go," is to determine which global markets are most attractive for the firms. Some countries will hold greater opportunities than others. After attractive markets are identified, the third step is to determine which market-entry strategy, and thus which level of commitment, is best for the firm. Finally, management must consider marketing mix strategies for foreign markets, determining what mixture of standardization and localization will most benefit the firm.
Diff: 2
LO: 2.1: Understand the big picture of international marketing and the decisions firms must make when they consider globalization
AACSB: Analytical Thinking

10) Why would almost all Americans be considered participants in the global marketplace?
Answer: Almost all Americans regularly consume products imported from other countries–from produce, to furniture to automobiles–or produced domestically by international companies.
Diff: 2
LO: 2.1: Understand the big picture of international marketing and the decisions firms must make when they consider globalization
AACSB: Reflective Thinking

11) The General Agreement on Tariffs and Trades (GATT) _____.
A) is composed of 10 developed nations who make trade decisions for all other countries
B) was created by the United States shortly after World War II
C) is an example of a regional economic community
D) led to the creation of the WTO
E) sets international import quotas
Answer: D
Diff: 2
LO: 2.2: Explain how both international organizations such as the World Trade Organization (WTO) and economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization
AACSB: Ethical Understanding and Reasoning

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12) Which of the following statements about the World Trade Organization (WTO) is true?
A) The WTO is a branch of the U.S. government.
B) Only countries that belong to established economic communities are granted membership in the WTO.
C) Only developed nations are granted membership to the WTO.
D) The WTO's main function is to help least developed countries grow their economies.
E) The WTO is the only international organization that deals with the global rules of trade between nations.
Answer: E
Diff: 2
LO: 2.2: Explain how both international organizations such as the World Trade Organization (WTO) and economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization
AACSB: Ethical Understanding and Reasoning

13) When a government adopts a policy of _____, it enforces rules on foreign firms in order to give home companies an advantage.
A) gray marketing
B) countertrade
C) monopolistic competition
D) economic sanctions
E) protectionism
Answer: E
Diff: 1
LO: 2.2: Explain how both international organizations such as the World Trade Organization (WTO) and economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization
AACSB: Ethical Understanding and Reasoning

14) A(n) _____ is an extreme quota that completely prohibits commerce and trade with a specific country.
A) tariff
B) embargo
C) protectionist quota
D) perfect monopoly
E) expropriation
Answer: B
Diff: 1
LO: 2.2: Explain how both international organizations such as the World Trade Organization (WTO) and economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization
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15) The purpose of an import quota is to _____.
A) eliminate competition for a nation's domestic industries
B) increase competition for a nation's domestic industries
C) reduce competition for a nation's domestic industries
D) make foreign competitors' goods less expensive than domestic goods
E) make foreign competitors' goods more expensive than domestic goods
Answer: C
Diff: 1
LO: 2.2: Explain how both international organizations such as the World Trade Organization (WTO) and economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization
AACSB: Ethical Understanding and Reasoning

16) The purpose of a government-imposed _____ is to give domestic competitors an advantage in the marketplace by making foreign competitors' goods more expensive than domestic goods.
A) monopoly
B) quota
C) tariff
D) oligopoly
E) embargo
Answer: C
Diff: 1
LO: 2.2: Explain how both international organizations such as the World Trade Organization (WTO) and economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization
AACSB: Ethical Understanding and Reasoning

17) A(n) _____ is a group of countries that have agreed to coordinate trade policies and ease restrictions on the flow of products and capital across members' borders.
A) monopoly
B) free trade zone
C) economic community
D) oligopoly
E) economic infrastructure
Answer: C
Diff: 1
LO: 2.2: Explain how both international organizations such as the World Trade Organization (WTO) and economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization

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18) Which of the following countries is NOT a member of MERCOSUR?
A) Brazil
B) Paraguay
C) Bolivia
D) Uruguay
E) Venezuela
Answer: C
Diff: 2
LO: 2.2: Explain how both international organizations such as the World Trade Organization (WTO) and economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization

19) Malaysia, Indonesia, Singapore, Thailand, and Cambodia are all members of _____.
A) the Andean Group
B) ASEAN
C) MERCOSUR
D) NAFTA
E) APEC
Answer: B
Diff: 2
LO: 2.2: Explain how both international organizations such as the World Trade Organization (WTO) and economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization

20) NAFTA is a(n) _____.
A) South American economic community
B) common market for eastern and southern Africa
C) economic community that includes Peru, Brazil, and China
D) trade agreement that includes Canada, Mexico, and the United States
E) eastern European economic community that competes with the EU
Answer: D
Diff: 2
LO: 2.2: Explain how both international organizations such as the World Trade Organization (WTO) and economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization

21) The euro is the currency used by _____.
A) NAFTA
B) MERCOSUR
C) the EU
D) the WTO
E) GATT
Answer: C
Diff: 2
LO: 2.2: Explain how both international organizations such as the World Trade Organization (WTO) and economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization

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22) U.S. sugar import quotas have existed for more than fifty years and preserve about half of the U.S. sugar market for domestic producers. These quotas are examples of _____.
A) embargoes
B) nationalization
C) protectionism
D) expropriation
E) disintermediation
Answer: C
Diff: 2
LO: 2.2: Explain how both international organizations such as the World Trade Organization (WTO) and economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization
AACSB: Analytical Thinking

23) U.S. sugar import quotas have existed for more than 50 years and preserve about half of the U.S. sugar market for domestic producers. Why does the United States continue to have these quotas?
A) to reduce competition for its domestic sugar industry
B) to increase the cost of sugar
C) to control the supply and demand for sugar
D) to support a mass market for sugar
E) to improve the promotion of sugar
Answer: A
Diff: 2
LO: 2.2: Explain how both international organizations such as the World Trade Organization (WTO) and economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization
AACSB: Application of Knowledge

24) In February 2000, the United States imposed a tax on imported steel in an effort to protect about 5,000 U.S. jobs. Another name for this levied tax is a(n) _____.
A) embargo
B) gray tax
C) tariff
D) import quota
E) boycott
Answer: C
Diff: 2
LO: 2.2: Explain how both international organizations such as the World Trade Organization (WTO) and economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization
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25) Trusted Wholesalers is a company that purchases products produced in Mexico and sells them to companies based in the United States and Canada. Management at Trusted Wholesalers would most likely be interested in becoming experts in the agreements made by _____.
A) the EU
B) NAFTA
C) CAFTA
D) APEC
E) MERCOSUR
Answer: B
Diff: 2
LO: 2.2: Explain how both international organizations such as the World Trade Organization (WTO) and economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization
AACSB: Application of Knowledge

26) The World Trade Organization (WTO) does not deal with issues concerning the protection of copyright and patent rights.
Answer: FALSE
Diff: 2
LO: 2.2: Explain how both international organizations such as the World Trade Organization (WTO) and economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization
AACSB: Ethical Understanding and Reasoning

27) The main pursuit of the World Trade Organization (WTO) is to guarantee basic human rights in all markets.
Answer: FALSE
Diff: 2
LO: 2.2: Explain how both international organizations such as the World Trade Organization (WTO) and economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization
AACSB: Ethical Understanding and Reasoning

28) Governments use tariffs to give domestic competitors an advantage in the marketplace by making foreign competitors' goods more expensive.
Answer: TRUE
Diff: 2
LO: 2.2: Explain how both international organizations such as the World Trade Organization (WTO) and economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization
AACSB: Ethical Understanding and Reasoning

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29) Each industry sets import quotas for its products to determine yearly production volume.
Answer: FALSE
Diff: 2
LO: 2.2: Explain how both international organizations such as the World Trade Organization (WTO) and economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization

30) The only member countries of the North American Free Trade Agreement (NAFTA) are the United States, Canada, and Mexico.
Answer: TRUE
Diff: 2
LO: 2.2: Explain how both international organizations such as the World Trade Organization (WTO) and economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization

31) Costa Rica, the Dominican Republic, El Salvador, and several other Central American countries formed the CAFTA economic community. This is an example of a policy of protectionism.
Answer: FALSE
Diff: 2
LO: 2.2: Explain how both international organizations such as the World Trade Organization (WTO) and economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization
AACSB: Analytical Thinking

32) Describe the function of the World Trade Organization (WTO) and explain how it originated.
Answer: The objective of the WTO is to help world trade flow as smoothly, freely, and predictably as possible. It accounts for 95 percent of world trade and has moved toward creating a single open world market. Many negotiations in recent years have focused on issues related to economic development. It was created in 1984 during the Uruguay Round of the General Agreement on Tariffs and Trade (GATT), which was established in the aftermath of World War II.
Diff: 3
LO: 2.2: Explain how both international organizations such as the World Trade Organization (WTO) and economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization
AACSB: Analytical Thinking

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33) What is protectionism and why might a government adopt it as a policy? Explain how three examples of protectionism function.
Answer: A country that has a policy of protectionism enforces rules on foreign firms in order to give home companies an advantage. Examples of protectionism include tariffs, embargoes, import quotas, and local content rules. Import quotas are set on foreign goods in order to reduce competition for domestic industries. This can make goods more expensive within a country because the absence of cheaper foreign goods reduces pressure on domestic firms to lower prices. An embargo is an extreme quota that completely prohibits trade with a specified country. Tariffs are taxes on imported goods, making foreign goods more expensive and giving domestic goods a price advantage. Local content rules mandate the use of components supplied by domestic industries in imported products.
Diff: 3
LO: 2.2: Explain how both international organizations such as the World Trade Organization (WTO) and economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization
AACSB: Application of Knowledge

34) Describe the function of an economic community and explain how its policies can be advantageous to marketers. Give two examples of important economic communities.
Answer: When countries band together to promote trade among themselves and make it easier for member nations to compete elsewhere, they form an economic community. These communities of countries coordinate trade policies and ease restrictions on the flow of products and capital across their borders. Economic communities are important to marketers because they set policies in such areas as product, package labeling, and advertising regulations that influence strategic decisions for marketers in these regions. The European Union (EU) and the North American Free Trade Agreement (NAFTA) are two of the most powerful economic communities.
Diff: 2
LO: 2.2: Explain how both international organizations such as the World Trade Organization (WTO) and economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization
AACSB: Application of Knowledge

35) Russia implemented a policy of protectionism that limited the importing of meats. Explain why Russia might have implemented such a policy.
Answer: Russia set import quotas on imported meat products to reduce competition for domestic meat producers, who were struggling to increase their capacity at a fast enough rate to match the Russian population's increased demand for meat.
Diff: 2
LO: 2.2: Explain how both international organizations such as the World Trade Organization (WTO) and economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization
AACSB: Application of Knowledge

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36) The U.S. government proposed a tariff against some Chinese textiles and clothing when the trade deficit with China reached $103 billion. Explain what the United States was trying to achieve through this action.
Answer: Governments use tariffs on imported goods to give domestic competitors an advantage in the marketplace by making foreign competitors' goods more expensive than their own goods. By placing a tariff on certain items imported from China, the U.S. government was trying to give U.S. consumers a financial incentive for buying products made within the United States.
Diff: 3
LO: 2.2: Explain how both international organizations such as the World Trade Organization (WTO) and economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization
AACSB: Application of Knowledge

37) Marketers need to understand the _____ environment of a country from two perspectives: the overall level of development of a country and the current stage of its business cycle.
A) political and legal
B) sociocultural
C) economic
D) technological
E) natural
Answer: C
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

38) The most commonly used measure of a country's economic health is the country's _____.
A) gross domestic product (GDP)
B) gross national product (GNP)
C) exchange rate
D) cost of living
E) Big Mac Index
Answer: A
Diff: 1
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

39) Which of the following measures is often a good indicator of a country's economic health because it is adjusted for the population size of each country?
A) per capita GDP (gross domestic product)
B) GNP (gross national product)
C) the Big Mac Index
D) standard of living
E) economic infrastructure
Answer: A
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

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40) Which of the following countries has the largest total GDP?
A) China
B) Japan
C) Spain
D) Ecuador
E) Hungary
Answer: A
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

41) The measurable quality of a country's distribution, financial, and communication systems is referred to as the country's _____.
A) level of economic development
B) standard of living
C) gross domestic product (GDP)
D) economic infrastructure
E) business cycle
Answer: D
Diff: 1
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

42) The _____ is the price of a nation's currency in terms of another currency.
A) expropriation
B) standard of living
C) import quota
D) tariff
E) foreign exchange rate
Answer: E
Diff: 1
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

43) A country's _____ indicates the average quality and quantity of goods and services consumed within the country.
A) economic infrastructure
B) standard of living
C) gross domestic product (GDP)
D) gross national product (GNP)
E) business cycle
Answer: B
Diff: 1
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

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44) In most cases, which of the following is true about a least developed country (LDC)?
A) It has an economy based on agriculture.
B) It is landlocked.
C) It has a viable middle class.
D) It has high literacy levels.
E) It has an advanced economic infrastructure.
Answer: A
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

45) Which of the following is most characteristic of a developing country?
A) The country is moving away from an economy based on industry.
B) The market for consumer goods presents little growth potential.
C) The nation has an economy based on agriculture.
D) The country has a significant middle class.
E) The country has an economy based on exporting services.
Answer: D
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

46) Which of the following is NOT among the largest of the world's developing countries?
A) Brazil
B) Russia
C) India
D) Canada
E) China
Answer: D
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

47) Which of the following best explains why marketers are attracted to the BRIC countries?
A) These countries have long-established upper classes that form a strong market for luxury goods.
B) These countries are quickly moving from being least developed to developing countries.
C) These countries have masses of consumers who are not yet wealthy but are quickly moving to economic prosperity.
D) These countries offer large markets with no language or cultural barriers.
E) These countries wield the most power in the Group of Eight.
Answer: C
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

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48) France, Italy, and Germany boast sophisticated marketing systems and are three good examples of _____.
A) preindustrial countries
B) least developed countries (LDCs)
C) developing countries
D) developed countries
E) BRIC countries
Answer: D
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

49) The United States, the United Kingdom, Australia, Canada, France, Italy, Germany, and Japan are all members of _____.
A) the BRIC countries
B) the Group of Eight
C) the EU
D) NAFTA
E) APEC
Answer: B
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

50) A severe recession is a depression, a period in which prices fall but there is little demand because few people have money to spend and many are out of work. This condition is part of _____.
A) the competitive environment
B) the business cycle
C) the technological environment
D) the legal environment
E) social norms
Answer: B
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

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51) Which of the following occurs when prices and the cost of living rise while money loses its purchasing power?
A) prosperity
B) recovery
C) inflation
D) deflation
E) a depression
Answer: C
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

52) Through _____ activities, a firm gathers and analyzes publicly available information about rivals.
A) economic infrastructure
B) competitive intelligence
C) demographic
D) perfect competition
E) business cycle
Answer: B
Diff: 1
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

53) _____ income is the amount of money an individual has left to spend after paying for necessities such as housing, utilities, food, and clothing.
A) Discretionary
B) Gross product
C) Standard of living
D) Inflationary
E) Per capita
Answer: A
Diff: 1
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

54) Through _____ competition, competitors offer different goods and services that attempt to satisfy the same consumers' needs and wants.
A) discretionary income
B) product
C) brand
D) monopolistic
E) oligopolistic
Answer: B
Diff: 1
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

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55) The YMCA and Gold's Gym engage in _____ competition when they both try to attract customers to buy their fitness center services.
A) discretionary income
B) product
C) brand
D) monopolistic
E) oligopolistic
Answer: C
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

56) In a(n) _____ structure, one seller controls a market.
A) monopoly
B) oligopoly
C) monopolistic competition
D) perfect competition
E) natural competition
Answer: A
Diff: 1
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

57) In a(n) _____ structure, there are a relatively small number of sellers, each holding substantial market share, in a market with many buyers.
A) monopoly
B) oligopoly
C) monopolistic competition
D) perfect competition
E) natural competition
Answer: B
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

58) In a(n) _____ structure, there are many sellers, each having slightly different products and each having only a small share of the market.
A) monopoly
B) oligopoly
C) monopolistic competition
D) perfect competition
E) natural competition
Answer: C
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

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59) In a(n) _____ structure, there are many small sellers, each having similar products, and each unable to have a significant impact on the quality, price, or supply of a product.
A) monopoly
B) oligopoly
C) monopolistic competition
D) perfect competition
E) natural competition
Answer: D
Diff: 1
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

60) The widespread use of RFID chips to relay information about products during distribution represents a change in the _____.
A) sociocultural environment
B) economic environment
C) legal environment
D) technological environment
E) competitive environment
Answer: D
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Information Technology

61) The _____ environment refers to the local, state, national, and global laws and regulations that affect businesses.
A) political and legal
B) sociocultural
C) economic
D) technological
E) natural
Answer: A
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Ethical Understanding and Reasoning

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62) Expropriation occurs when a government _____.
A) reimburses a foreign company for its assets after taking over the company
B) reimburses a foreign company that has lost facilities due to natural causes
C) refuses to allow its businesses to engage in exporting
D) takes over a foreign operation and provides the seized operation with no reimbursement
E) imports more than it exports
Answer: D
Diff: 1
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Ethical Understanding and Reasoning

63) Nationalization occurs when a government _____.
A) reimburses a foreign company for its assets after taking over the company
B) reimburses a foreign company that has lost facilities due to natural causes
C) refuses to allow its businesses to engage in exporting
D) takes over a foreign operation and provides the seized operation with no reimbursement
E) imports more than it exports
Answer: A
Diff: 1
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Ethical Understanding and Reasoning

64) The _____ was developed to eliminate monopolies and to guarantee free competition.
A) Sherman Antitrust Act
B) Clayton Act
C) Robinson-Patman Act
D) Wheeler-Lea Act
E) Lanham Trademark Act
Answer: A
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Ethical Understanding and Reasoning

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65) The _____ was established by the Federal Trade Commission in 2003 to allow consumers to limit the number of telemarketing calls they receive.
A) National Do Not Call Registry
B) Child Protection Act
C) Federal Communications Commission
D) Consumer Products Safety Commission Act
E) Robinson-Patman Act
Answer: A
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Ethical Understanding and Reasoning

66) The _____, a United States regulatory agency, regulates telephone, radio, and television.
A) Consumer Product Safety Commission
B) Environmental Protection Agency
C) Federal Communications Commission
D) Federal Trade Commission
E) Interstate Commerce Commission
Answer: C
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Ethical Understanding and Reasoning

67) The _____, a United States regulatory agency, enforces laws and regulations on foods, drugs, cosmetics, and veterinary products. Marketers of pharmaceuticals must get approval from this agency before introducing products to the market.
A) Food and Drug Administration
B) Environmental Protection Agency
C) Federal Communications Commission
D) Federal Trade Commission
E) Consumer Product Safety Commission
Answer: A
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Ethical Understanding and Reasoning

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68) Which of the following is a form of protectionism?
A) joint ventures
B) bribery
C) extortion
D) collectivism
E) local content rules
Answer: E
Diff: 1
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Ethical Understanding and Reasoning

69) Through the U.S. Generalized System of Preferences (GSP), developing countries may export goods duty-free to the United States if they _____.
A) demonstrate progress toward protecting the natural environment
B) demonstrate progress toward improving the rights of their workers
C) agree to exempt U.S. imports from local content rules
D) belong to the World Trade Organization (WTO)
E) participate in a reciprocal free trade zone
Answer: B
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Ethical Understanding and Reasoning

70) The _____ environment refers to the characteristics of a society, the people who live in the society, and the culture that reflects the values and beliefs of the society.
A) political and legal
B) sociocultural
C) economic
D) technological
E) natural
Answer: B
Diff: 1
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

71) _____ are statistics that measure aspects of population, such as size, age, and gender.
A) Demographics
B) Norms
C) Cultural dimensions
D) Standards
E) Mores
Answer: A
Diff: 1
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

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72) Every society has a set of deeply held beliefs about right and wrong ways to live, which are referred to as _____.
A) demographics
B) social norms
C) cultural dimensions
D) cultural values
E) customs
Answer: D
Diff: 1
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

73) In a(n) _____ culture, people tend to subordinate their personal goals to those of a stable community.
A) collectivist
B) individualist
C) democratic
D) demographic
E) ethnocentric
Answer: A
Diff: 1
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Diverse and Multicultural Work Environments

74) In a(n) _____ culture, people tend to attach more importance to personal goals than to the needs of the larger community.
A) collectivist
B) individualist
C) democratic
D) demographic
E) sociocultural
Answer: B
Diff: 1
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Diverse and Multicultural Work Environments

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75) Specific rules that dictate what is acceptable or unacceptable within a society are referred to as _____.
A) demographics
B) cultural values
C) cultural dimensions
D) social norms
E) ethnocentric standards
Answer: D
Diff: 1
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Diverse and Multicultural Work Environments

76) Consumer _____ is the belief that the products made in one's own country are superior to those from other countries.
A) nationalization
B) ethnocentrism
C) domestication
D) expropriation
E) democratization
Answer: B
Diff: 1
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Diverse and Multicultural Work Environments

77) The management team at Home Help, a consumer products manufacturer, is considering entering several different foreign markets and is in the process of analyzing each potential market's economic environment. Which of the following measures would best help the management team understand the comparative cost of consumer products in each market?
A) gross national product (GNP)
B) the Big Mac Index
C) the per capita gross domestic product (GDP)
D) the standard of living
E) gross domestic product (GDP)
Answer: B
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Application of Knowledge

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78) The population of Djibouti is approximately 810,179,700. To serve the communication needs of this nation, there is one Internet service provider, two AM radio stations, two FM radio stations, and one television station. There are only 8,000 telephone lines in the whole country. This is a partial description of Djibouti's _____.
A) gross national product (GNP)
B) business cycle
C) economic infrastructure
D) standard of living
E) gross domestic product (GDP)
Answer: C
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Analytical Thinking

79) Kyrgyzstan is a small, poor, mountainous country with a predominantly agricultural economy. Cotton, wool, and meat are the main agricultural products and exports. Fifty-one percent of the population lives in poverty. Kyrgyzstan is an example of a(n) _____.
A) BRIC country
B) least developed country (LDC)
C) industrializing country
D) developed country
E) G8 country
Answer: B
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Analytical Thinking

80) In Vin del Mar, Chile, there are a dozen stores specializing in selling the same quality of seafood products on one street. An individual store dare not charge more than the going price without the risk of losing business to the other stores that are selling the fish at a common price. This is an example of what type of market?
A) perfect competition
B) monopolistic competition
C) oligopolistic competition
D) a monopoly
E) an oligopoly
Answer: A
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Analytical Thinking

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81) Since the introduction of the iPhone, a booming market for smartphone applications has emerged. It is most accurate to say that this new opportunity was created through changes in the _____ environment.
A) political and legal
B) technological
C) sociocultural
D) economic
E) competitive
Answer: B
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Analytical Thinking

82) Which of the following is the best example of a cultural value?
A) Marriage is important.
B) Americans should display their patriotism on the Fourth of July.
C) People who are not close friends or family should be addressed formally.
D) Extended warranties are never worth the money consumers pay for them.
E) Professionals should wear business clothes to work.
Answer: A
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Application of Knowledge

83) Japanese who give currency as gifts will typically wash the money before making the presentation. This is a(n) _____ in a nation of people who place high importance on cleanliness.
A) custom
B) demographic
C) cultural value
D) ethnocentric attitude
E) extortion
Answer: A
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Analytical Thinking

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84) U.S. marketing campaigns that stress the desirability of "Made in America" products are most likely to appeal to _____ U.S. consumers.
A) ethnocentric
B) individualist
C) collectivist
D) normed
E) naturalized
Answer: A
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Application of Knowledge

85) Foreign exchange rate is used more frequently than gross domestic product (GDP) as a measure of a country's economic health.
Answer: FALSE
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

86) Per capita gross domestic product (GDP) may be a deceiving economic measure because the wealth of a country may be concentrated among just a small percentage of the population.
Answer: TRUE
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

87) A country that is shifting from an agricultural based economy to an industrial based economy is known as a developing country.
Answer: TRUE
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

88) The gross domestic product (GDP) is the overall pattern of changes or fluctuations of an economy, such as prosperity, recession, and recovery.
Answer: FALSE
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

89) Consumers pay for necessities out of their discretionary income.
Answer: FALSE
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

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90) Oligopolies most often exist in industries that require little investment in equipment, technology, or materials to produce a product.
Answer: FALSE
Diff: 3
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

91) In a monopolistic competition market structure, each seller is very conscious of other sellers' actions, since there is a small number of sellers in the industry.
Answer: FALSE
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

92) One of the two purposes of laws governing businesses in the United States is to make sure that businesses compete fairly with each other.
Answer: TRUE
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Ethical Understanding and Reasoning

93) In Thailand and Turkey, most people subordinate their personal goals to those of a stable community. These countries are examples of collectivist cultures.
Answer: TRUE
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Diverse and Multicultural Work Environments

94) Poland has a growing middle class and boasts a large skilled labor force. Poland is most likely categorized as a developing country.
Answer: TRUE
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Analytical Thinking

95) On the Upper West Side of Manhattan, there are hundreds of independent restaurants offering different specialties, services, and prices. The market for restaurants in this neighborhood is in a state of monopolistic competition.
Answer: TRUE
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Analytical Thinking

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96) Tupperware uses a business model that relies on women running their own businesses as agents of Tupperware. Tupperware successfully exports to China and India. Explain why these countries provide attractive markets for Tupperware.
Answer: China and India are developing countries moving to higher standards of living and education levels. These countries have growing middle classes composed of consumers who are not yet wealthy but who are moving toward economic prosperity. They represent a huge future market for consumer goods such as Tupperware. Like most developing countries, China and India likely have a middle class that includes many entrepreneurs interested in running their own businesses. Tupperware's business model fits nicely with this structure.
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Application of Knowledge

97) Describe and compare the three basic levels of economic development.
Answer: A country's level of economic development is a broad picture that looks past GDP to include an assessment of the country's standard of living and the steps the country is taking to improve its economic health. A least developed country (LDC) in most cases has an agricultural-based economy. People grow what they need and barter for the rest. These countries are attractive markets for staples and inexpensive items. Developing countries usually have a viable middle class that is growing. Developing countries are moving away from an emphasis on agriculture to an emphasis on industry, and standards of living, education, and the use of technology are on the rise. These countries are the future market for consumer goods. Developed countries have sophisticated marketing systems, strong private enterprises, and bountiful market potential for many goods and services. Such countries are economically advanced and offer a wide range of opportunities for international marketers.
Diff: 3
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Analytical Thinking

98) Marketers monitor the technological environment. How can changes in technology impact marketing communication strategy? Provide at least two examples.
Answer: Technological developments in media and communications affect the methods marketers may use to deliver the brand message. Continuing innovations in Internet applications represent huge technological change in marketing. Consumer can shop online for just about any product from just about anywhere at just about any time. Additionally, consumers and marketers can use social media such as Facebook and Twitter to have two-way communication about products.
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Information Technology

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99) What are the two purposes of the laws governing American business? Describe how at least two regulatory agencies fulfill these purposes.
Answer: Business laws in the United States have two purposes. The first purpose is to make sure that businesses compete fairly with each other. The second purpose is to make sure that businesses don't take advantage of consumers. The Consumer Product Safety Commission serves to protect consumers from businesses by regulating and testing potentially hazardous products. The Environmental Protection Agency also protects consumers by developing and enforcing regulations that protect the natural environment from production activities. The Federal Trade Commission protects consumers against deceptive advertising and product labeling. It also protects businesses against unfair advantages competitors could gain through deceptive advertising. The Food and Drug Administration protects consumers from dangerous ingredients in foods, drugs, and cosmetics.
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Ethical Understanding and Reasoning

100) Companies need to understand the differences in the cultures in which they operate. Explain the terms cultural values and social norms, giving an example of each.
Answer: Cultural values are general but deeply held beliefs about good and bad behaviors, such as the importance of cleanliness or protecting the environment. A social norm dictates specific behavior such as division of labor in a household, how holidays are celebrated, and how animals are treated.
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Diverse and Multicultural Work Environments

101) Compare the three product strategy choices a firm like General Electric has when selling in foreign markets.
Answer: The three choices are a straight extension strategy, a product adaptation strategy, and a product invention strategy. The straight extension strategy retains the same product for domestic and foreign markets. In other words, the product is standardized. The product adaptation strategy recognizes that in many cases people in different cultures do have strong and different product preferences. Therefore, the product is modified, in small or significant ways, for each market. The product invention strategy means the company develops a new product to fit the specific needs of new foreign markets. This is a policy of localization.
Diff: 3
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Analytical Thinking

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102) The telephone system in Argentina is antiquated and is just starting to work properly after years of neglect by the government. What does this tell a marketer about Argentina, and why would a marketer need to know this?
Answer: A country's communication system is part of its economic infrastructure. Marketers should assess the economic infrastructure of a country when deciding whether a country's economic environment makes for an attractive market.
Diff: 3
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Application of Knowledge

103) How has the Group of Eight recently expanded the issues it discusses in its annual summits?
Answer: The Group of Eight (G8) discusses topics concerning world trade and the world economy, but it has also recently focused on issues that indirectly affect world trade, such as energy, terrorism, the information highway, arms control, and the environment.
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Analytical Thinking

104) Briefly describe the three stages of the business cycle that all economies go through.
Answer: All economies go through the cycles of prosperity (with high levels of demand, income, and employment), recession (with falling demand, income, and employment), and recovery (with gradual improvement in production, lowering unemployment, and increasing income).
Diff: 2
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Analytical Thinking

105) The Federal Trade Commission (FTC) ordered KFC to stop running ads with false claims that its fried chicken is compatible with certain weight loss programs. What law gives the FTC the authority to stop KFC's marketing program and what law was KFC violating?
Answer: The FTC gets its authority from the Federal Trade Commission Act (1914). KFC was violating the Wheeler-Lea Amendment to FTC Act (1938) that prohibits deceptive and misleading advertising as illegal.
Diff: 3
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Ethical Understanding and Reasoning

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106) Toyota has opened manufacturing plants in the United States and hires local workers to run these locations. Explain what the local content rules have to do with Toyota increasing its presence in the United States.
Answer: Local content rules are a form of protectionism stipulating that a certain proportion of a product must consist of components supplied by industries in the host country or economic community. Toyota wants to be able to market its products within the boundaries of NAFTA, which it can achieve by opening manufacturing facilities in the United States and hiring local residents.
Diff: 3
LO: 2.3: Understand how key factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Application of Knowledge

107) All of the following are barriers to successful exporting EXCEPT _____.
A) tariffs
B) local content laws
C) import quotas
D) export merchants
E) economic sanctions
Answer: D
Diff: 2
LO: 2.4: Explain some of the strategies and tactics that a firm can use to enter global markets

108) After exporting, the next level of commitment a firm can make to a foreign market is a contractual agreement. Two of the most common types of such agreements are _____.
A) contract manufacturing and contract marketing
B) contract manufacturing and strategic alliances
C) joint ventures and franchising
D) warehousing and financing
E) licensing and franchising
Answer: E
Diff: 2
LO: 2.4: Explain some of the strategies and tactics that a firm can use to enter global markets

109) In a _____, a firm gives another firm the right to produce and market its product in a specific country or region in return for royalties on goods sold.
A) licensing agreement
B) strategic alliance
C) joint venture
D) marketing mix alliance
E) direct investment
Answer: A
Diff: 2
LO: 2.4: Explain some of the strategies and tactics that a firm can use to enter global markets

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110) Franchising is a form of _____.
A) importing
B) tactical alliance
C) licensing
D) joint venture
E) direct investment
Answer: C
Diff: 2
LO: 2.4: Explain some of the strategies and tactics that a firm can use to enter global markets

111) Which of the following is true about the market entry strategy of direct investment?
A) It allows a foreign firm to take advantage of a domestic company's political savvy and market position.
B) It relies on export merchants to analyze the local market.
C) It provides the lowest level of risk for a firm.
D) It relies on intermediaries to represent the company in a target country.
E) It provides the lowest level of control for a firm.
Answer: A
Diff: 2
LO: 2.4: Explain some of the strategies and tactics that a firm can use to enter global markets

112) When considering the four Ps in international marketing, advocates of _____ focus on the similarities among cultures and argue that basic needs and wants are the same everywhere.
A) nationalization
B) standardization
C) localization
D) expropriation
E) ethnocentricism
Answer: B
Diff: 2
LO: 2.4: Explain some of the strategies and tactics that a firm can use to enter global markets
AACSB: Diverse and Multicultural Work Environments

113) When considering the four Ps in international marketing, advocates of _____ focus on the unique characteristics of cultures and argue for products and promotional messages tailored to each culture.
A) nationalization
B) standardization
C) localization
D) expropriation
E) ethnocentricism
Answer: C
Diff: 2
LO: 2.4: Explain some of the strategies and tactics that a firm can use to enter global markets
AACSB: Diverse and Multicultural Work Environments

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114) A firm would be most likely to use backward invention in which of the following situations?
A) when it needs to offer a less complex product in a foreign market than it sells elsewhere
B) when it has decided to rely on a straight extension strategy
C) when it first markets a product internationally
D) when it participates in a free trade zone
E) when it relies on the practice of dumping
Answer: A
Diff: 2
LO: 2.4: Explain some of the strategies and tactics that a firm can use to enter global markets

115) A _____ exists when an unauthorized party imports products and then sells them for a fraction of the price of authorized products.
A) gray market
B) dual distribution system
C) disintermediation system
D) black market
E) dumping ground
Answer: A
Diff: 2
LO: 2.4: Explain some of the strategies and tactics that a firm can use to enter global markets
AACSB: Ethical Understanding and Reasoning

116) Many countries outlaw _____, a practice in which a company prices its products lower than they are priced at home.
A) gray marketing
B) parallel importing
C) black marketing
D) dumping
E) countertrading
Answer: D
Diff: 2
LO: 2.4: Explain some of the strategies and tactics that a firm can use to enter global markets
AACSB: Ethical Understanding and Reasoning

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117) The ViVi brand is a line of designer clothing for pregnant businesswomen. If its owner believes that professional women in other countries have a need for conservative maternity wear, the owner of the small company would most likely hire a(n) _____ to locate and negotiate with buyers in other countries.
A) franchisee
B) franchisor
C) export merchant
D) strategic ally
E) joint venture partner
Answer: C
Diff: 2
LO: 2.4: Explain some of the strategies and tactics that a firm can use to enter global markets
AACSB: Application of Knowledge

118) In the British Isles, Guinness brewery was given the right to produce and market Budweiser beer by Anheuser-Busch, its U.S. brand owner. Because Guinness pays Anheuser-Busch royalties for the use of its brand, this is an example of a(n) _____.
A) licensing agreement
B) export merchant
C) joint venture
D) marketing mix alliance
E) direct investment by Anheuser-Busch
Answer: A
Diff: 2
LO: 2.4: Explain some of the strategies and tactics that a firm can use to enter global markets
AACSB: Analytical Thinking

119) The Tim Hortons chain accounts for more than half of all the donut and coffee stores in Canada. The chain's red-and-white store banners are fixtures in many Canadian communities. In 2001, the first Tim Hortons appeared in the United States through a contractual agreement allowing an independent operation to adopt Tim Hortons' entire way of doing business. This agreement is an example of a(n)_____.
A) direct investment
B) franchise
C) export merchant
D) strategic alliance
E) joint venture
Answer: B
Diff: 2
LO: 2.4: Explain some of the strategies and tactics that a firm can use to enter global markets
AACSB: Analytical Thinking

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120) To enter the European market, Starbucks joined in a cooperative venture with Bon Appetit Group A.G. in Switzerland. Bon Appetit has the recognized brand name, and Starbucks has the product and the expertise to run coffeehouses. This is an example of a(n) _____.
A) direct investment
B) franchise agreement
C) backward invention
D) strategic alliance
E) expropriation agreement
Answer: D
Diff: 2
LO: 2.4: Explain some of the strategies and tactics that a firm can use to enter global markets
AACSB: Analytical Thinking

121) Wrigley's chewing gum is the same product whether you buy it in Japan, Great Britain, Brazil, or the United States. Wrigley's sells the same products around the world. It has adopted a(n) _____ strategy.
A) product adaptation
B) localization
C) straight extension
D) product invention
E) ethnocentric
Answer: C
Diff: 2
LO: 2.4: Explain some of the strategies and tactics that a firm can use to enter global markets
AACSB: Analytical Thinking

122) To successfully market the Corvette to the European market, General Motors had to make the automobile shorter and narrower. GM chose to use a _____ strategy with the Corvette.
A) product adaptation
B) standardization
C) straight extension
D) product invention
E) backward invention
Answer: A
Diff: 2
LO: 2.4: Explain some of the strategies and tactics that a firm can use to enter global markets
AACSB: Analytical Thinking

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123) A maker of cash registers had to develop hand-crank-operated cash registers to sell to Latin American and African countries where electricity is a luxury. The company used a _____ strategy to enter those global markets.
A) product adaptation
B) standardization
C) straight extension
D) backward invention
E) nationalization
Answer: D
Diff: 2
LO: 2.4: Explain some of the strategies and tactics that a firm can use to enter global markets
AACSB: Analytical Thinking

124) Sony found that Japanese commuters had difficulty using standard laptops on crowded rush-hour trains since standing commuters have no laps. So it created the U as a "standing computer." The U includes a touch screen and small keyboard that can be used while standing or on the move. This is an example of _____.
A) straight product extension
B) product invention
C) product adaptation
D) dual adaptation
E) standardization
Answer: B
Diff: 2
LO: 2.4: Explain some of the strategies and tactics that a firm can use to enter global markets
AACSB: Analytical Thinking

125) Two or more firms pooling their resources for common goals have established a joint venture.
Answer: TRUE
Diff: 1
LO: 2.4: Explain some of the strategies and tactics that a firm can use to enter global markets
AACSB: Analytical Thinking

126) SeaFood Family markets its frozen seafood products to the domestic United States market and to several Central American countries. SeaFood Family recently had a surplus of products. Management decided to maintain prices in the U.S. market but drastically cut prices in the Central American markets in order to reduce excess supply. SeaFood Family would most likely be accused of pirating.
Answer: FALSE
Diff: 2
LO: 2.4: Explain some of the strategies and tactics that a firm can use to enter global markets
AACSB: Application of Knowledge

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127) What is the relationship between the level of control and the level of risk in each type of market entry strategy?
Answer: The market entry strategy with the lowest level of control, exporting, presents the lowest level of risk. The market entry strategy with the greatest level of control, direct investment, presents the greatest amount of risk.
Diff: 2
LO: 2.4: Explain some of the strategies and tactics that a firm can use to enter global markets
AACSB: Application of Knowledge

128) Why are companies often eager to form joint ventures?
Answer: Joint ventures are entities owned by two or more firms. They allow partners to pool their resources for common goals and provide companies with easy access to new markets, especially because these partnerships often bring with them preferential treatment in the partner's home country.
Diff: 2
LO: 2.4: Explain some of the strategies and tactics that a firm can use to enter global markets
AACSB: Application of Knowledge

129) Eastman Kodak accused Japanese rival Fujifilm of selling color photographic paper in the United States for as little as a quarter of what it charges in Japan. What unethical and often illegal practice was Kodak accusing Fujifilm of implementing? Explain your answer.
Answer: Eastman Kodak was accusing Fujifilm of the practice known as dumping, in which a company prices its products lower in the international markets than in its home country. The rationale for this practice is to remove excess supplies of the product from the home market to help keep prices high there.
Diff: 3
LO: 2.4: Explain some of the strategies and tactics that a firm can use to enter global markets
AACSB: Application of Knowledge

130) Using which ethical philosophy would a marketer make the decision that provides the most good or the least harm?
A) utilitarian approach
B) rights approach
C) fairness or justice approach
D) common good approach
E) virtue approach
Answer: A
Diff: 2
LO: 2.5: Understand the importance of ethical marketing practices
AACSB: Ethical Understanding and Reasoning

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131) Which of the following suggests that what is ethical in one culture is not necessarily ethical in another culture?
A) protectionism
B) nationalization
C) ethnocentrism
D) ethical relativism
E) locavorism
Answer: D
Diff: 1
LO: 2.5: Understand the importance of ethical marketing practices
AACSB: Ethical Understanding and Reasoning

132) _____ occurs when someone voluntarily offers payment to get an illegal advantage.
A) Nationalization
B) An economic sanction
C) Bribery
D) Expropriation
E) Extortion
Answer: C
Diff: 1
LO: 2.5: Understand the importance of ethical marketing practices
AACSB: Ethical Understanding and Reasoning

133) _____ occurs when someone in authority extracts payment under duress.
A) Nationalization
B) An economic sanction
C) Bribery
D) Expropriation
E) Extortion
Answer: E
Diff: 1
LO: 2.5: Understand the importance of ethical marketing practices
AACSB: Ethical Understanding and Reasoning

134) According to Transparency International, firms from which of the following countries are LEAST likely to pay bribes?
A) Germany
B) the United Kingdom
C) China
D) Mexico
E) Switzerland
Answer: E
Diff: 3
LO: 2.5: Understand the importance of ethical marketing practices
AACSB: Ethical Understanding and Reasoning

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135) The marketing team at Connected.com, a social networking site aimed at connecting job seekers with employers, must decide how much to charge for different levels of membership and access to those using the site. Using which ethical philosophy would they make their decision based on best serving the needs of the whole community of users even if it means treating some users unequally?
A) utilitarian approach
B) rights approach
C) justice approach
D) common good approach
E) virtue approach
Answer: D
Diff: 2
LO: 2.5: Understand the importance of ethical marketing practices
AACSB: Ethical Understanding and Reasoning

136) While deciding whether or not to begin a construction project overseas, BuildBest learned that they would not be able to get permits for demolition until they paid a local city official a sizable fee in addition to the fees the city charges for the permit. This is an example of _____.
A) bribery
B) nationalization
C) extortion
D) fair trade
E) locavorism
Answer: B
Diff: 2
LO: 2.5: Understand the importance of ethical marketing practices
AACSB: Analytical Thinking

137) A firm's code of ethical relativism is a set of standards of behavior that everyone in the firm is expected to follow.
Answer: FALSE
Diff: 1
LO: 2.5: Understand the importance of ethical marketing practices
AACSB: Ethical Understanding and Reasoning

138) One firm's business ethics may be different from another firm's business ethics.
Answer: TRUE
Diff: 2
LO: 2.5: Understand the importance of ethical marketing practices
AACSB: Ethical Understanding and Reasoning

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139) Explain the difference between the ethical philosophies of a rights approach and a justice approach.
Answer: Using a rights approach, the best decision is the one that does the best job of protecting the moral rights of all those affected. The justice approach is more focused on treating all human beings equally.
Diff: 3
LO: 2.5: Understand the importance of ethical marketing practices
AACSB: Ethical Understanding and Reasoning

140) Why is it important for marketers to understand the idea of ethical relativism?
Answer: Ethical relativism suggests that what is ethical in one culture is not necessarily ethical in another culture. This is an important idea for marketers who must understand the cultural values and norms of the various markets, both domestic and international, in which their products are sold.
Diff: 2
LO: 2.5: Understand the importance of ethical marketing practices
AACSB: Ethical Understanding and Reasoning

141) Firms that have a triple-bottom-line orientation measure success by their financial successes, how they contribute to their communities, and how they _____.
A) develop new business
B) create sustainable business practices
C) interact with customers
D) maintain relationships with channel partners
E) expand into overseas markets
Answer: B
Diff: 1
LO: 2.6: Explain the role of sustainability in marketing planning
AACSB: Ethical Understanding and Reasoning

142) Consumers who are most likely to actively look for and buy products that are environmentally friendly are referred to as _____.
A) green customers
B) consumed consumers
C) societal consumers
D) fair traders
E) locavores
Answer: A
Diff: 1
LO: 2.6: Explain the role of sustainability in marketing planning
AACSB: Ethical Understanding and Reasoning

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143) A _____ supplier pledges to pay producers in developing countries a price sufficient to ensure that the workers who produce the goods receive a fair wage and that the manufacturers use environmentally sustainable practices when possible.
A) green
B) societal
C) gray
D) fair
E) utilitarian
Answer: D
Diff: 1
LO: 2.6: Explain the role of sustainability in marketing planning
AACSB: Ethical Understanding and Reasoning

144) Which of the following is the trend of many shoppers actively looking for and purchasing food grown or raised within 50 to 100 miles of where they live?
A) utilitarianism
B) green washing
C) fair trading
D) collectivism
E) locavorism
Answer: E
Diff: 1
LO: 2.6: Explain the role of sustainability in marketing planning
AACSB: Ethical Understanding and Reasoning

145) Using the sustainability metric of _____, a firm would examine the pounds of physical resources wasted per unit of organizational output.
A) material intensity
B) energy intensity
C) toxic emissions
D) pollutant emissions
E) water consumption
Answer: A
Diff: 2
LO: 2.6: Explain the role of sustainability in marketing planning
AACSB: Ethical Understanding and Reasoning

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146) BeneBag is a marketer of reusable shopping bags made 100% from recycled materials. The side of each BeneBag reads "Helping you do your part for Mother Earth." BeneBag is most likely trying to target which of the following?
A) locavores
B) ethical relativists
C) bottom-of-the-pyramid customers
D) ethnocentrists
E) green customers
Answer: E
Diff: 2
LO: 2.6: Explain the role of sustainability in marketing planning
AACSB: Analytical Thinking

147) Like financial metrics, sustainability metrics are standardized.
Answer: FALSE
Diff: 2
LO: 2.6: Explain the role of sustainability in marketing planning
AACSB: Ethical Understanding and Reasoning

148) A truly sustainable marketing strategy should actually reduce prices in the long-term because it encourages more efficiency and less waste.
Answer: TRUE
Diff: 2
LO: 2.6: Explain the role of sustainability in marketing planning
AACSB: Ethical Understanding and Reasoning

149) Why might a company be interested in using sustainability metrics?
Answer: A company might want to use sustainability metrics to measure how much the organization is benefiting from implementing sustainability practices, such as more efficient use of energy or more use of recycled materials.
Diff: 2
LO: 2.6: Explain the role of sustainability in marketing planning
AACSB: Application of Knowledge

150) Describe three ways in which a firm could move toward greater sustainability.
Answer: There are many ways a firm could move toward sustainability, including increasing the efficiency of operations so less energy is consumed, decreasing the use of raw materials, increasing the use of recycled materials, and preventing the discharge of wastes into the environment.
Diff: 2
LO: 2.6: Explain the role of sustainability in marketing planning
AACSB: Ethical Understanding and Reasoning

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