Test Bank for Marketing Real People Real Choices 10th Solomon

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Marketing: Real People, Real Choices, 10e **(Solomon)**
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
Difficulty: Easy
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
Difficulty: Easy
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
Difficulty: Moderate
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
Difficulty: Moderate
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
Difficulty: Moderate
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, is 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
Difficulty: Moderate
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 in that year.
Answer: FALSE
Difficulty: Moderate
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) Growing concern over the Greenhouse Effect is increasing pressure for development of a single marketplace with consistent environmental standards.
Answer: TRUE
Difficulty: Moderate
LO: 2.1: Understand the big picture of international marketing and the decisions firms must make when they consider globalization

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

10) 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.
Difficulty: Moderate
LO: 2.1: Understand the big picture of international marketing and the decisions firms must make when they consider globalization
AACSB: Analytical thinking

11) 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.
Difficulty: Moderate
LO: 2.1: Understand the big picture of international marketing and the decisions firms must make when they consider globalization
AACSB: Reflective thinking

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12) The General Agreement on Tariffs and Trade (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
Difficulty: Difficult
LO: 2.2: Explain how international organizations such as the World Trade Organization (WTO), the World Bank, the International Monetary Fund (IMF), economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization
AACSB: Ethical understanding and reasoning

13) 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) An essential function of the WTO is stabilizing international money exchange rates.
C) Only developed nations are granted membership into the WTO.
D) The WTO's main function is to help the 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
Difficulty: Moderate
LO: 2.2: Explain how international organizations such as the World Trade Organization (WTO), the World Bank, the International Monetary Fund (IMF), economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization
AACSB: Ethical understanding and reasoning

14) 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
Difficulty: Easy
LO: 2.2: Explain how international organizations such as the World Trade Organization (WTO), the World Bank, the International Monetary Fund (IMF), economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization
AACSB: Ethical understanding and reasoning

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15) A(n) _____ is an extreme quota that completely prohibits commerce and trade with a specific country.
A) tariff
B) embargo
C) economic community
D) perfect monopoly
E) forex rate
Answer: B
Difficulty: Easy
LO: 2.2: Explain how international organizations such as the World Trade Organization (WTO), the World Bank, the International Monetary Fund (IMF), economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization
AACSB: Ethical understanding and reasoning

16) 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
Difficulty: Easy
LO: 2.2: Explain how international organizations such as the World Trade Organization (WTO), the World Bank, the International Monetary Fund (IMF), economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization
AACSB: Ethical understanding and reasoning

17) 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) countertrade
E) embargo
Answer: C
Difficulty: Easy
LO: 2.2: Explain how international organizations such as the World Trade Organization (WTO), the World Bank, the International Monetary Fund (IMF), 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
Difficulty: Moderate
LO: 2.2: Explain how international organizations such as the World Trade Organization (WTO), the World Bank, the International Monetary Fund (IMF), economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization

19) 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
Difficulty: Easy
LO: 2.2: Explain how international organizations such as the World Trade Organization (WTO), the World Bank, the International Monetary Fund (IMF), economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization

20) Malaysia, Indonesia, Singapore, Thailand, and Cambodia are all members of _____.
A) Andean Community
B) ASEAN
C) MERCOSUR
D) NAFTA
E) APEC
Answer: B
Difficulty: Moderate
LO: 2.2: Explain how international organizations such as the World Trade Organization (WTO), the World Bank, the International Monetary Fund (IMF), economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization

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21) 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
Difficulty: Moderate
LO: 2.2: Explain how international organizations such as the World Trade Organization (WTO), the World Bank, the International Monetary Fund (IMF), economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization

22) Brexit refers to the planned exit of the U.K. from _____.
A) NAFTA
B) MERCOSUR
C) the EU
D) the WTO
E) GATT
Answer: C
Difficulty: Moderate
LO: 2.2: Explain how international organizations such as the World Trade Organization (WTO), the World Bank, the International Monetary Fund (IMF), economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization

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. These quotas are examples of _____.
A) embargoes
B) nationalization
C) protectionism
D) pirating
E) balance of payments
Answer: C
Difficulty: Moderate
LO: 2.2: Explain how international organizations such as the World Trade Organization (WTO), the World Bank, the International Monetary Fund (IMF), economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization
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24) U.S. sugar import quotas have existed for more than 50 years and preserve more than half of the U.S. sugar market for domestic producers. Why might 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
Difficulty: Moderate
LO: 2.2: Explain how international organizations such as the World Trade Organization (WTO), the World Bank, the International Monetary Fund (IMF), economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization
AACSB: Application of knowledge

25) In 2018, the United States imposed a tax on imported steel and aluminum in an effort to protect U.S. jobs in these industries. Another name for this levied tax is a(n) _____.
A) embargo
B) gray tax
C) tariff
D) import quota
E) boycott
Answer: C
Difficulty: Moderate
LO: 2.2: Explain how international organizations such as the World Trade Organization (WTO), the World Bank, the International Monetary Fund (IMF), economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization
AACSB: Analytical thinking

26) 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) COMESA
D) SAARC
E) MERCOSUR
Answer: B
Difficulty: Moderate
LO: 2.2: Explain how international organizations such as the World Trade Organization (WTO), the World Bank, the International Monetary Fund (IMF), economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization
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27) The goal of the World Bank is to improve economies and support sustainable development in order to reduce poverty and improve lives.
Answer: TRUE
Difficulty: Moderate
LO: 2.2: Explain how international organizations such as the World Trade Organization (WTO), the World Bank, the International Monetary Fund (IMF), economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization
AACSB: Ethical understanding and reasoning

28) The main pursuit of the World Trade Organization (WTO) is to guarantee basic human rights in all markets.
Answer: FALSE
Difficulty: Moderate
LO: 2.2: Explain how international organizations such as the World Trade Organization (WTO), the World Bank, the International Monetary Fund (IMF), economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization
AACSB: Ethical understanding and reasoning

29) Governments use tariffs to give domestic competitors an advantage in the marketplace by making foreign competitors' goods more expensive.
Answer: TRUE
Difficulty: Moderate
LO: 2.2: Explain how international organizations such as the World Trade Organization (WTO), the World Bank, the International Monetary Fund (IMF), economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization
AACSB: Ethical understanding and reasoning

30) The International Monetary Fund controls fluctuations in exchange rates in order to prevent severe balance of payments problems.
Answer: TRUE
Difficulty: Moderate
LO: 2.2: Explain how international organizations such as the World Trade Organization (WTO), the World Bank, the International Monetary Fund (IMF), economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization
AACSB: Ethical understanding and reasoning

31) Each industry sets import quotas for its products to determine yearly production volume.
Answer: FALSE
Difficulty: Moderate
LO: 2.2: Explain how international organizations such as the World Trade Organization (WTO), the World Bank, the International Monetary Fund (IMF), economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization

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

33) Afghanistan, Bangladesh, India, and several other South Asian countries formed the SAARC economic community. This is an example of a policy of protectionism.
Answer: FALSE
Difficulty: Moderate
LO: 2.2: Explain how international organizations such as the World Trade Organization (WTO), the World Bank, the International Monetary Fund (IMF), economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization
AACSB: Analytical thinking

34) 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 about 98 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.
Difficulty: Difficult
LO: 2.2: Explain how international organizations such as the World Trade Organization (WTO), the World Bank, the International Monetary Fund (IMF), economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization
AACSB: Analytical thinking

35) 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, and import quotas. 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.
Difficulty: Difficult
LO: 2.2: Explain how international organizations such as the World Trade Organization (WTO), the World Bank, the International Monetary Fund (IMF), economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization
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36) 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.
Difficulty: Moderate
LO: 2.2: Explain how international organizations such as the World Trade Organization (WTO), the World Bank, the International Monetary Fund (IMF), economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization
AACSB: Application of knowledge

37) How might a nation's strict import quotas on particular products negatively affect consumers in that country?
Answer: Import quotas are designed to reduce competition for domestic industries. With reduced competition and the absence of less expensive foreign products, domestic industries may feel less pressure to lower their prices and consumers may have to pay more than if foreign competition was a larger part of the market.
Difficulty: Moderate
LO: 2.2: Explain how international organizations such as the World Trade Organization (WTO), the World Bank, the International Monetary Fund (IMF), economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization
AACSB: Analytical thinking

38) 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.
Difficulty: Difficult
LO: 2.2: Explain how international organizations such as the World Trade Organization (WTO), the World Bank, the International Monetary Fund (IMF), economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization
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39) 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
Difficulty: Moderate
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

40) Which of the following is true of the global economy after the Great Recession of 2008-2009?
A) The global economy has not grown since the Great Recession of 2008-2009.
B) The global economy grew steadily but slowly from 2014 to 2016.
C) The economies of least developed countries have grown at the slowest rate of all countries.
D) The global economy has quickly rebounded and has experienced several years of fast-paced growth.
E) The economies of countries with higher incomes have grown at faster rates than the economies of least developed countries.
Answer: B
Difficulty: Moderate
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

41) 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) foreign exchange rate
D) cost of living
E) purchasing power parity (PPP)
Answer: A
Difficulty: Easy
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

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42) 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) GDP (gross domestic product)
C) purchasing power parity
D) standard of living
E) inflation rate
Answer: A
Difficulty: Moderate
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

43) Which of the following countries has the highest per capita GDP?
A) China
B) Japan
C) Russia
D) Qatar
E) United States
Answer: D
Difficulty: Moderate
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

44) The 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
Difficulty: Easy
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

45) The _____ is the price of a nation's currency in terms of another currency.
A) gross domestic product (GDP)
B) inflation rate
C) import quota
D) purchasing power parity
E) foreign exchange rate
Answer: E
Difficulty: Easy
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

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46) 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
Difficulty: Easy
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

47) 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
Difficulty: Moderate
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

48) When determining a country's _____, economists look at how the country is attempting to reduce poverty, inequality, and unemployment in addition to considering the country's GDP.
A) forex rate
B) competitive environment
C) economic infrastructure
D) level of economic development
E) purchasing power parity
Answer: D
Difficulty: Moderate
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

49) Which of the following countries is NOT one of the largest developing or newly industrialized countries?
A) Brazil
B) Russia
C) India
D) Canada
E) China
Answer: D
Difficulty: Moderate
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

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50) Which of the following best explains why marketers are attracted to the BRICS 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 G7.
Answer: C
Difficulty: Moderate
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

51) 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) BRICS countries
Answer: D
Difficulty: Moderate
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

52) The United States, the United Kingdom, Canada, France, Italy, Germany, and Japan are all members of _____.
A) the BRICS countries
B) the G7
C) the EU
D) NAFTA
E) MERCOSUR
Answer: B
Difficulty: Moderate
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

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53) 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 microenvironment
B) the business cycle
C) the technological environment
D) the legal environment
E) social norms
Answer: B
Difficulty: Moderate
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

54) 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) depression
Answer: C
Difficulty: Moderate
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

55) 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
Difficulty: Easy
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

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56) _____ 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
Difficulty: Easy
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

57) 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
Difficulty: Easy
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

58) Planet Fitness 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
Difficulty: Moderate
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

59) In a(n) _____ structure, one seller controls a market.
A) monopoly
B) oligopoly
C) monopolistic competition
D) perfect competition
E) natural competition
Answer: A
Difficulty: Easy
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60) 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
Difficulty: Moderate
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

61) In a(n) _____ structure, there are many sellers, each offering 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
Difficulty: Moderate
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

62) In a(n) _____ structure, there are many small sellers, each offering 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
Difficulty: Easy
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

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63) The use of drones or unmanned aerial vehicles to deliver packages to consumers' homes would represent a change in the _____.
A) sociocultural environment
B) economic environment
C) legal environment
D) technological environment
E) microenvironment
Answer: D
Difficulty: Moderate
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Information technology

64) 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
Difficulty: Moderate
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Ethical understanding and reasoning

65) 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
Difficulty: Easy
LO: 2.3: Understand how 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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66) 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
Difficulty: Easy
LO: 2.3: Understand how 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 _____ was developed to eliminate monopolies and to guarantee free competition.
A) Sherman Antitrust Act
B) Consumer Credit Protection Act
C) Robinson-Patman Act
D) Wheeler-Lea Amendment
E) Lanham Trademark Act
Answer: A
Difficulty: Moderate
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Ethical understanding and reasoning

68) 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) USA Freedom Act
Answer: A
Difficulty: Easy
LO: 2.3: Understand how 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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69) The _____, a U.S. regulatory agency, regulates telephone, radio, television, and the use of the Internet.
A) Consumer Product Safety Commission
B) Environmental Protection Agency
C) Federal Communications Commission
D) Federal Trade Commission
E) Interstate Commerce Commission
Answer: C
Difficulty: Moderate
LO: 2.3: Understand how 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 _____, a U.S. regulatory agency, enforces laws and regulations on foods, drugs, cosmetics, and veterinary products.
A) Food and Drug Administration
B) Environmental Protection Agency
C) Consumer Financial Protection Bureau
D) Federal Trade Commission
E) Consumer Product Safety Commission
Answer: A
Difficulty: Moderate
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Ethical understanding and reasoning

71) Which of the following is a form of protectionism?
A) joint ventures
B) bribery
C) extortion
D) collectivism
E) local content rules
Answer: E
Difficulty: Easy
LO: 2.3: Understand how 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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72) 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) refuse to participate in expropriation
Answer: B
Difficulty: Moderate
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Ethical understanding and reasoning

73) 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
Difficulty: Easy
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

74) _____ 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
Difficulty: Easy
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

75) 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
Difficulty: Easy
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

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76) 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
Difficulty: Easy
LO: 2.3: Understand how 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) 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
Difficulty: Easy
LO: 2.3: Understand how 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

78) 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
Difficulty: Easy
LO: 2.3: Understand how 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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79) 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
Difficulty: Easy
LO: 2.3: Understand how 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

80) 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 would best help the management team understand the typical quality and quantity of goods and services purchased in the country?
A) the inflation rate
B) the economic infrastructure
C) the per capita gross domestic product (GDP)
D) the standard of living
E) the gross domestic product (GDP)
Answer: D
Difficulty: Moderate
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Application of knowledge

81) The population of Djibouti is approximately 830,000. To serve the communication needs of this nation, there are two FM radio stations, one AM radio station, and one television station. There are only 22,000 telephone lines in the whole country. This is a partial description of Djibouti's _____.
A) political environment
B) business cycle
C) economic infrastructure
D) standard of living
E) gross domestic product (GDP)
Answer: C
Difficulty: Moderate
LO: 2.3: Understand how 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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82) Kyrgyzstan is a small mountainous country with a predominantly agricultural economy. Cotton, wool, and meat are the main agricultural products and exports. Thirty-two percent of the population lives below the poverty line. Kyrgyzstan is an example of a(n) _____.
A) BRICS country
B) least developed country (LDC)
C) industrializing country
D) developed country
E) G7 country
Answer: B
Difficulty: Moderate
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Analytical thinking

83) 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
Difficulty: Moderate
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Analytical thinking

84) Since the introduction of the iPhone, a booming market for smartphone apps 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
Difficulty: Moderate
LO: 2.3: Understand how 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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85) 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
Difficulty: Difficult
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Application of knowledge

86) 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) expropriation
E) ethnocentrism
Answer: A
Difficulty: Moderate
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Analytical thinking

87) 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
Difficulty: Moderate
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Application of knowledge

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

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89) 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
Difficulty: Moderate
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets

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

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

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

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

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

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95) 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
Difficulty: Moderate
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Ethical understanding and reasoning

96) 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
Difficulty: Moderate
LO: 2.3: Understand how 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

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

98) 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
Difficulty: Moderate
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Analytical thinking

99) Describe the group of consumers known as the bottom of the pyramid and explain an opportunity and challenge of marketing to this group.
Answer: Bottom of the pyramid refers to the more than 4 billion consumers worldwide, living in least developed countries and developing countries, who live on less than $2 per day. They represent an incredible opportunity because of their size and total purchasing power, which is expected to grow in developing countries. They represent a challenge because they have limited discretionary money, so they are unlikely to purchase "inventory" products, such as a whole bottle of shampoo or soap. Marketers have introduced one-use sachet packaging to meet the needs of these consumers.
Difficulty: Moderate
LO: 2.3: Understand how 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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100) 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.
Difficulty: Difficult
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Analytical thinking

101) Marketers monitor the technological environment. How can changes in technology affect marketing activities? 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 changes in marketing. Consumers can shop online for just about any product from just about anywhere at just about any time. Other innovations that could affect marketing activities include the introduction of unmanned aerial vehicles and autonomous vehicles, changing how and when products are delivered to customers.
Difficulty: Moderate
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Information technology

102) 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.
Difficulty: Difficult
LO: 2.3: Understand how 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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103) 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.
Difficulty: Moderate
LO: 2.3: Understand how 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

104) The telephone system in Argentina is still developing, with only 20 of every 100 individuals having a private phone. Long distance service is limited, and many areas of the country regularly experience outages. 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.
Difficulty: Difficult
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Application of knowledge

105) How has the Group of Seven (G7) recently expanded the issues it discusses in its annual summits?
Answer: The G7 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.
Difficulty: Moderate
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Analytical thinking

106) 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).
Difficulty: Moderate
LO: 2.3: Understand how 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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107) Toyota 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.
Difficulty: Difficult
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Application of knowledge

108) 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.
Difficulty: Difficult
LO: 2.3: Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets
AACSB: Ethical understanding and reasoning

109) Which of the following market entry strategies provides both the lowest level of risk and the lowest level of control?
A) licensing
B) franchising
C) joint venture
D) export
E) direct investment
Answer: D
Difficulty: Moderate
LO: 2.4: Explain some of the strategies and tactics that a firm can use to enter global markets

110) 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
Difficulty: Moderate
LO: 2.4: Explain some of the strategies and tactics that a firm can use to enter global markets

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111) 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
Difficulty: Moderate
LO: 2.4: Explain some of the strategies and tactics that a firm can use to enter global markets

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

113) 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
Difficulty: Moderate
LO: 2.4: Explain some of the strategies and tactics that a firm can use to enter global markets

114) 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
Difficulty: Moderate
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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115) 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
Difficulty: Moderate
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

116) 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
Difficulty: Moderate
LO: 2.4: Explain some of the strategies and tactics that a firm can use to enter global markets

117) When a firm that allows global subsidiaries or distributors to set their own prices on its products, based on their understanding of the local market environment and without concern for the products' prices in other markets, it is using a(n) _____ pricing strategy.
A) extension
B) ethnocentric
C) polycentric
D) geocentric
E) free trade
Answer: C
Difficulty: Moderate
LO: 2.4: Explain some of the strategies and tactics that a firm can use to enter global markets

118) 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) geocentric system
C) polycentric system
D) black market
E) dumping ground
Answer: A
Difficulty: Moderate
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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119) Many countries outlaw _____, a practice in which a company prices its products lower than they are priced at home.
A) gray marketing
B) backward invention
C) black marketing
D) dumping
E) countertrading
Answer: D
Difficulty: Moderate
LO: 2.4: Explain some of the strategies and tactics that a firm can use to enter global markets
AACSB: Ethical understanding and reasoning

120) 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) licensee
C) export merchant
D) licensor
E) joint venture partner
Answer: C
Difficulty: Moderate
LO: 2.4: Explain some of the strategies and tactics that a firm can use to enter global markets
AACSB: Application of knowledge

121) 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) product invention
E) direct investment by Anheuser-Busch
Answer: A
Difficulty: Moderate
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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122) The Tim Hortons chain has more than 3,000 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
Difficulty: Moderate
LO: 2.4: Explain some of the strategies and tactics that a firm can use to enter global markets
AACSB: Analytical thinking

123) 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
Difficulty: Moderate
LO: 2.4: Explain some of the strategies and tactics that a firm can use to enter global markets
AACSB: Analytical thinking

124) 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
Difficulty: Moderate
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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125) 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
Difficulty: Moderate
LO: 2.4: Explain some of the strategies and tactics that a firm can use to enter global markets
AACSB: Analytical thinking

126) A maker of cash registers had to develop hand-crank-operated cash registers to sell to Latin American and African markets where access to reliable electricity is limited. 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
Difficulty: Moderate
LO: 2.4: Explain some of the strategies and tactics that a firm can use to enter global markets
AACSB: Analytical thinking

127) 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) backward invention
E) standardization
Answer: B
Difficulty: Moderate
LO: 2.4: Explain some of the strategies and tactics that a firm can use to enter global markets
AACSB: Analytical thinking

128) Two or more firms pooling their resources for common goals have established a joint venture.
Answer: TRUE
Difficulty: Easy
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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129) SeaFood Family markets its frozen seafood products to the domestic United States market and to several Central American countries. The price of SeaFood Family's products varies from country to country, as regional distributors set the price based on each market. This is an example of ethnocentric pricing.
Answer: FALSE
Difficulty: Moderate
LO: 2.4: Explain some of the strategies and tactics that a firm can use to enter global markets
AACSB: Application of knowledge

130) 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.
Difficulty: Moderate
LO: 2.4: Explain some of the strategies and tactics that a firm can use to enter global markets
AACSB: Application of knowledge

131) 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.
Difficulty: Moderate
LO: 2.4: Explain some of the strategies and tactics that a firm can use to enter global markets
AACSB: Application of knowledge

132) 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.
Difficulty: Difficult
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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133) Compare the three product strategy choices a large organization such as General Electric or Frito Lay 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.
Difficulty: Difficult
LO: 2.4: Explain some of the strategies and tactics that a firm can use to enter global markets
AACSB: Analytical thinking

134) 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
Difficulty: Moderate
LO: 2.5: Understand the importance of ethical marketing practices
AACSB: Ethical understanding and reasoning

135) 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) localization
Answer: D
Difficulty: Easy
LO: 2.5: Understand the importance of ethical marketing practices
AACSB: Ethical understanding and reasoning

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136) Using which ethical philosophy would a marketer equally consider all concerned in making decisions?
A) utilitarian approach
B) rights approach
C) fairness or justice approach
D) common good approach
E) virtue approach
Answer: C
Difficulty: Moderate
LO: 2.5: Understand the importance of ethical marketing practices
AACSB: Ethical understanding and reasoning

137) _____ occurs when someone voluntarily offers payment to get an illegal advantage.
A) Nationalization
B) Dumping
C) Bribery
D) Expropriation
E) Extortion
Answer: C
Difficulty: Easy
LO: 2.5: Understand the importance of ethical marketing practices
AACSB: Ethical understanding and reasoning

138) _____ occurs when someone in authority extracts payment under duress.
A) Nationalization
B) Dumping
C) Bribery
D) Expropriation
E) Extortion
Answer: E
Difficulty: Easy
LO: 2.5: Understand the importance of ethical marketing practices
AACSB: Ethical understanding and reasoning

139) Which of the following is NOT among the ethical values identified in the American Marketing Association's Ethical Norms and Values for Marketers?
A) transparency
B) citizenship
C) equality
D) honesty
E) responsibility
Answer: C
Difficulty: Moderate
LO: 2.5: Understand the importance of ethical marketing practices
AACSB: Ethical understanding and reasoning

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140) 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
Difficulty: Moderate
LO: 2.5: Understand the importance of ethical marketing practices
AACSB: Ethical understanding and reasoning

141) 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) ethnocentrism
Answer: C
Difficulty: Moderate
LO: 2.5: Understand the importance of ethical marketing practices
AACSB: Analytical thinking

142) 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
Difficulty: Easy
LO: 2.5: Understand the importance of ethical marketing practices
AACSB: Ethical understanding and reasoning

143) One firm's business ethics may be different from another firm's business ethics.
Answer: TRUE
Difficulty: Moderate
LO: 2.5: Understand the importance of ethical marketing practices
AACSB: Ethical understanding and reasoning

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144) 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.
Difficulty: Difficult
LO: 2.5: Understand the importance of ethical marketing practices
AACSB: Ethical understanding and reasoning

145) 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.
Difficulty: Moderate
LO: 2.5: Understand the importance of ethical marketing practices
AACSB: Ethical understanding and reasoning

146) 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
Difficulty: Easy
LO: 2.6: Explain the role of sustainability in marketing planning
AACSB: Ethical understanding and reasoning

147) 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
Difficulty: Easy
LO: 2.6: Explain the role of sustainability in marketing planning
AACSB: Ethical understanding and reasoning

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148) 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) common good
D) fair trade
E) utilitarian
Answer: D
Difficulty: Easy
LO: 2.6: Explain the role of sustainability in marketing planning
AACSB: Ethical understanding and reasoning

149) 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
Difficulty: Easy
LO: 2.6: Explain the role of sustainability in marketing planning
AACSB: Ethical understanding and reasoning

150) 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
Difficulty: Moderate
LO: 2.6: Explain the role of sustainability in marketing planning
AACSB: Ethical understanding and reasoning

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151) BeneBag is a marketer of reusable shopping bags made from 100% 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
Difficulty: Moderate
LO: 2.6: Explain the role of sustainability in marketing planning
AACSB: Analytical thinking

152) Like financial metrics, sustainability metrics are standardized.
Answer: FALSE
Difficulty: Moderate
LO: 2.6: Explain the role of sustainability in marketing planning
AACSB: Ethical understanding and reasoning

153) A truly sustainable marketing strategy should actually reduce prices in the long-term because it encourages more efficiency and less waste.
Answer: TRUE
Difficulty: Moderate
LO: 2.6: Explain the role of sustainability in marketing planning
AACSB: Ethical understanding and reasoning

154) 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.
Difficulty: Moderate
LO: 2.6: Explain the role of sustainability in marketing planning
AACSB: Application of knowledge

155) 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.
Difficulty: Moderate
LO: 2.6: Explain the role of sustainability in marketing planning
AACSB: Ethical understanding and reasoning

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