International Marketing Strategy - Analysis Development and Implementation 9th edition Doole Test Bank

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Name:_____ Class:_____ Date:_____

Chapter 1: An introduction to international marketing

1. The global marketplace is expected to reach 10 billion people by 2057.
   a. True
   b. False

ANSWER: True

2. The adult wealth data suggests to the marketer that there has been a general increase in demand for goods and services pre- and post- COVID-19 pandemic..
   a. True
   b. False

ANSWER: True

3. There has been a decline in personal wealth in recent years.
   a. True
   b. False

ANSWER: False

4. In many countries, over half of the population is 'pre-adult'.
   a. True
   b. False

ANSWER: True

5. Older consumers are increasingly transnational in expressing their identity.
   a. True
   b. False

ANSWER: True

6. The top 500 companies in the world account for 70% of world trade and 80% of international investment.
   a. True
   b. False

ANSWER: True

7. A successful international marketing company will be one that is able to manipulate the controllable functions of marketing within the largely uncontrollable environment.
   a. True
   b. False

ANSWER: True

8. In Global marketing management the primary objective of the company is to achieve a degree of synergy in the overall operation.
   a. True
   b. False

ANSWER: True

9. Signing a distribution agreement with a foreign Agent does not mean that the company itself is involved in 'international marketing'.

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a. True
b. False

ANSWER: False

10. By 2050, urban areas are projected to house 68 per cent of people globally.
a. True
b. False

ANSWER: True

11. China's population will grow to over 1.45 billion and will continue to exceed the population of India.
a. True
b. False

ANSWER: False

12. When operating in international markets, any company will be primarily bound by its country of origin domestic laws.
a. True
b. False

ANSWER: False

13. A fundamental aspect of local domestic laws is that they are all the same.
a. True
b. False

ANSWER: False

14. An economic factor that encourages investment from international business is the growth in a country's gross national income (GNI)..
a. True
b. False

ANSWER: True

15. 'Dual economy' is defined as an economy in which workers commonly hold two jobs.
a. True
b. False

ANSWER: False

16. One feature of lesser developed countries is that there can be a heavy reliance upon one trading partner.
a. True
b. False

ANSWER: True

17. An example of a 'discriminatory' restriction would be an employment policy.
a. True
b. False

ANSWER: False

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18. An example of a 'discriminatory' restriction would be a ban on the importation of military equipment.
    a. True
    b. False
ANSWER: True

19. An example of 'operational' restrictions would be employment policies.
    a. True
    b. False
ANSWER: True

20. A common way for governments to interfere politically within international markets is through exchange controls.
    a. True
    b. False
ANSWER: True

21. It is estimated that currently 46 per cent of the global population are internet users.
    a. True
    b. False
ANSWER: True

22. In its early stages of international marketing, a company is likely to be preoccupied with finding new export customers and money to finance its activities.
    a. True
    b. False
ANSWER: True

23. The development of systems for annual budgeting as a business develops is often driven by pressure from external stakeholders.
    a. True
    b. False
ANSWER: True

24. Stakeholder aims and expectations are not a consideration in the ability of an organization to pursue its chosen marketing strategy.
    a. True
    b. False
ANSWER: False

25. Pressure groups cannot be considered 'stakeholders' of organizations as they are concerned with their own objectives, not those of the organization.
    a. True
    b. False
ANSWER: False

26. Management foresight and organizational learning are not the basis of building a sustainable competitive advantage in

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global markets, but good research data is.

a. True

b. False

ANSWER: False

27. The United Nations has been active in trying to influence global trade and financial flows by implementing quotas and tariffs which in turn affect markets.

a. True

b. False

ANSWER: False

28. Firms with successful global operations are those that perceive changes in the international environment allowing them to respond through appropriate strategies.

a. True

b. False

ANSWER: True

29. Foreign exchange parities are likely to change on a regular if unpredictable basis

a. True

b. False

ANSWER: True

30. Exchange rates and currency movements are an important aspect of the international economic environment

a. True

b. False

ANSWER: True

31. One of the main roles of international public relations is to keep pressure groups away from the company

a. True

b. False

ANSWER: False

32. Management foresight and organizational learning are the bases for a sustainable competitive advantage in global markets.

a. True

b. False

ANSWER: True

33. Standards need to be relevant to corporate goals

a. True

b. False

ANSWER: True

34. The SWOT analysis is not relevant to International markets

a. True

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b. False

ANSWER: False

35. Benchmarking allows comparison of various aspects of a business such as efficiency of distribution, customer response times, service levels and complaints

a. True

b. False

ANSWER: True

36. Customer and brand loyalty is fairly consistent across all markets

a. True

b. False

ANSWER: False

37. Knowledgeable staff are a valuable personal asset of a firm

a. True

b. False

ANSWER: True

38. Products at the end of their life in domestic markets may be ideal for less sophisticated markets

a. True

b. False

ANSWER: True

39. Some international firms lose valuable personal assets because of greater mobility of staff.

a. True

b. False

ANSWER: True

40. Countertrading, innovation, networking and value based marketing are only relevant to domestic marketing

a. True

b. False

ANSWER: False

41. To achieve a competitive advantage international marketing strategy must ensure thorough research and accurate evaluation

a. True

b. False

ANSWER: True

42. Feedback and control systems are outside the remit of the planning process

a. True

b. False

ANSWER: False

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43. International analysis along with mission statement with operational plans, contingency and control are all essential elements of the international marketing plan

a. True

b. False

ANSWER: True

44. Companies do not need to explain their strategies and plans to shareholders

a. True

b. False

ANSWER: False

45. What percentage of the global population is represented by the digital generation (13- to 19-year-olds)?

a. 10%

b. 11%

c. 15%

d. 20%

e. 25%

ANSWER: b

46. 70% of world trade is generated by the top ____ companies in the world.

a. 100

b. 250

c. 500

d. 800

e. 1000

ANSWER: c

47. Marketing involves, ____

a. focusing on the needs and wants of customers

b. identifying the best methods for satisfying customer needs and wants

c. orienting the company towards the process of providing customer satisfaction of their needs and wants

d. meeting organizational objectives

e. all of the above

ANSWER: e

48. Which of the following is a socio-cultural influence on international marketing?

a. Language

b. Religion

c. Social organization

d. Values and attributes

e. All of the above

ANSWER: e

49. Legal aspects of environmental analysis include

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a. Operational restrictions
b. The electronic superhighway
c. Discriminatory restrictions
d. International law
e. None of the above

ANSWER: d

50. Which countries have the lowest and highest life expectancy?
a. Hong Kong at 85 years and Nigeria at 55 years
b. Australia at 85 years and Sierra Leone at 55 years
c. Switzerland at 82 years and Sierra Leone at 61 years
d. Hong Kong at 83 years and Nigeria at 61 years
e. Switzerland at 82 years and Sierra Leone at 55 years

ANSWER: a

51. What percentage of people in Northern America will live in urban areas in 2050?
a. 75%
b. 88%
c. 52%
d. 55%
e. 82%

ANSWER: e

52. What are the dimensions of law in an international context?
a. Local domestic law
b. Domestic law in an organization's home country
c. International law
d. a and b
e. a, b and c

ANSWER: e

53. Which are the 'BRIC' economies?
a. Brazil, Romania, Italy, Czech Republic
b. Bolivia, Russia, Indonesia, China
c. Belgium, Romania, Ireland, Cyprus
d. Brazil, Russia, India, China
e. Belgium, Russia, Italy, Czech Republic

ANSWER: d

54. A risk that can be due to a sudden or gradual change in a local political environment that is disadvantageous or counterproductive to foreign firms and markets is termed a ____ risk.
a. political
b. local

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c. domestic
d. marketing
e. trading

ANSWER: a

55. Which of the following is NOT one of the cross-cultural management incompetences identified by Perlmutter (1995)?
a. Inability to find the right niches
b. Inability to leverage ideas developed in one country to other countries worldwide
c. A vacillating commitment
d. Assigning the wrong people
e. All of the above were identified by Perlmutter as incompetences

ANSWER: e

56. Bottom up planning is ____
a. Where senior management assess the firms opportunities and needs, set corporate global objectives and develop broad international strategies. Financial goals are then set for each part of the company, which has the responsibility for developing individual strategies and plans.
b. The simplest approach, with senior managers setting goals and developing quite detailed plans for middle and senior staff to implement.
c. Grounded in the need to conduct comprehensive internal and external audits before any aspect of strategic planning commences.
d. Where different parts of a company around the globe prepare their own goals and plans and submit them to headquarters for approval.
e. About concentrating upon the small things first.

ANSWER: d

57. Which of the following is an aspect of international marketing planning?
a. Stakeholder expectations
b. Control and feedback
c. Individual small business unit strengths and weaknesses
d. Setting relevant standards, measuring performance, correcting deviations
e. All of the above are aspects of planning

ANSWER: e

58. What are the essential elements of a control process?
a. Setting standards and measuring performance against those standards
b. Setting goals and monitoring performance against those goals
c. Setting standards, measuring performance against those standards and then correcting any deviations from the plan
d. Setting goals, monitoring performance against those goals and then redesigning the checklists if circumstances change
e. Management, systems and procedures

ANSWER: c

59. What are the main components for successful strategies, of firms competing in international markets?

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a. A clear international competitive focus achieved through a thorough knowledge of the international markets, a strong competitive positioning and a international strategic perspective.
b. Well-managed organizations with a culture of learning.
c. An effective relationship strategy achieved through strong customer relations, a commitment to quality products and service and a dedication to customer service throughout international markets.
d. a and c
e. a, b and c

ANSWER: e

60. Research has shown that firms of all sizes and in all industries that engaged in international marketing:
a. Down-sized their operations after five years of operation.
b. Outperformed their domestic counterparts.
c. Had smaller workforces.
d. Created institutional transactions commensurate with national population statistics.

ANSWER: b

61. Sustainability involves assessing which of the following impacts of marketing strategies?
a. Social, economic and environmental impacts
b. Economic and cultural impacts
c. Environmental and socially legitimate impacts
d. Social, environmental, financial and cultural impacts

ANSWER: a

62. Which of the following are elements of the marketing mix?
a. Money, methodology, mechanics, and message
b. Fortune, forecast, future, and fashion
c. Product, price, distribution (place), and promotion
d. Money, fortune, price, and cost

ANSWER: c

63. Which of the following can be a consequence of limited trademark and patent protection?
a. Embezzlement
b. Tariffs
c. Sales growth
d. Piracy

ANSWER: d

64. Which of the following statements is true?
a. Countries differ in their laws as well in their use of these laws.
b. Countries differ in their laws, but their use of these laws is constant.
c. Only countries with democratic governments make laws.
d. Laws rarely affect international marketing.
e. None of these statements are true.

ANSWER: a

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65. When considering the issues of managing on a global scale, in what ways could you express the different levels of marketing?

ANSWER: These different levels of marketing can be expressed in the following terms:

Domestic marketing, which involves the company manipulating a series of controllable variables such as price, advertising, distribution and the product/service attributes in a largely uncontrollable external environment that is made up of different economic structures, competitors, cultural values and legal infrastructure within specific political or geographic country boundaries.

International marketing, which involves operating across a number of foreign country markets in which not only do the uncontrollable variables differ significantly between one market and another, but the controllable factors in the form of cost and price structures, opportunities for advertising and distributive infrastructure are also likely to differ significantly. It is these sorts of differences that lead to the complexities of international marketing.

Global marketing management, which is a larger and more complex international operation. Here a company coordinates, integrates and controls a whole series of marketing programmers into a substantial global effort. In this instance the primary objective of the company is to achieve a degree of synergy in the overall operation so that by taking advantage of different exchange rates, tax rates, labour rates, skill levels and market opportunities, the organization as a whole will be greater than the sum of its parts.

66. In what ways could you define international marketing?

ANSWER: International marketing could therefore be:

Export marketing, in which case the firm markets its goods and/or services across national/political boundaries.

International marketing, where the marketing activities of an organization include activities, interests or operations in more than one country and where there is some kind of influence or control of marketing activities from outside the country in which the goods or services will actually be sold. Sometimes markets are typically perceived to be independent and a profit centre in their own right, in which case the term multinational or multidomestic marketing is often used.

Global marketing, in which the whole organization focuses on the selection and exploitation of global marketing opportunities and marshals resources around the globe with the objective of achieving a global competitive advantage.

67. Give examples of how language can have an impact upon the way in which a product may be used in the market.

ANSWER: There are many examples of this, but students may consider:

Coca-Cola had enormous problems in China as Coca-Cola sounded like Kooke Koula which translates into A thirsty mouthful of candle wax. They managed to find a new pronunciation Kee Kou Keele which means joyful tastes and happiness.

Estee Lauder exported liquid make-up called Country Mist; in Germany this was a problem as mist means manure in Germany.

Pepsi Cola had to change its campaign Come Alive With Pepsi in Germany as, literally translated, it means Come Alive Out of the Grave.

68. What types of action are open to governments that could constitute political risks to firms?

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ANSWER: The types of action that governments may take which constitute potential political risks to firms fall into three main areas:

Operational restrictions. These could be exchange controls, employment policies, insistence on locally shared ownership and particular product requirements.

Discriminatory restrictions. These tend to be imposed on purely foreign firms and, sometimes, only firms from a particular country. The USA has imposed import quotas on Japan in protest at non-tariff barriers which they view as being imposed unfairly on US exporters. They have also imposed bans on imports from Libya and Iran in the past. Such barriers tend to be such things as special taxes and tariffs, compulsory subcontracting, or loss of financial freedom.

Physical actions. These actions are direct government interventions such as confiscation without any payment of indemnity, a forced takeover by the government, expropriation, nationalization or even damage to property or personnel through riots and war. In 2001 the Nigerian government claimed ownership of Shells equipment and machinery without any prior warning.

69. In what way is the legal environment in international marketing more complicated than in domestic marketing?

ANSWER: In the international environment the legal environment has three dimensions: (1) local domestic law; (2) international law; (3) domestic laws in the firm's home base.

Local domestic laws. These are all different! The only way to find a route through the legal maze in overseas markets is to use experts on the separate legal systems and laws pertaining in each market targeted.

International law. There are a number of international laws that can affect the organization's activity. Some are international laws covering piracy and hijacking, others are more international conventions and agreements and cover items such as the International Monetary Fund (IMF) and World Trade organization (WTO) treaties, patents and trademarks legislation and harmonization of legal systems within regional economic groupings, e.g. the European Union.

Domestic laws in the home country. The organization's domestic (home market) legal system is important for two reasons. First, there are often export controls which limit the free export of certain goods and services to particular marketplaces, and second, there is the duty of the organization to act and abide by its national laws in all its activities, whether domestic or international.

70. What do we mean by the term ‘less developed countries’?

ANSWER: This group includes underdeveloped countries and developing countries. The main features are a low GDP per capita, a limited amount of manufacturing activity and a very poor and fragmented infrastructure. Typical infrastructure weaknesses are in transport, communications, education and healthcare. In addition, the public sector is often slow-moving and bureaucratic.

It is common to find that less developed countries (LDCs) are heavily reliant on one product and often on one trading partner. In many LDCs this product is the main export earner. The risks posed to the LDC by changing patterns of supply and demand are great. Falling commodity prices can result in large decreases in earnings for the whole country. The resultant economic and political adjustments may affect exporters to that country through possible changes in tariff and non-tariff barriers, through changes in the level of company taxation and through restrictions on the convertibility of currency and the repatriation of profits.

In addition, substantial decreases in market sizes within the country are probable.

A wide range of economic circumstances influences the development of the less developed countries in the world. Some countries are small with few natural resources and for these countries it is difficult to start the

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process of substantial economic growth. Poor health and education standards need money on a large scale, yet the pay-off in terms of a healthier, better-educated population takes time to achieve. At the same time, there are demands for public expenditure on transport systems, communication systems and water control systems.

Without real prospects for rapid economic development, private sources of capital are reluctant to invest in such countries. This is particularly the case for long-term infrastructure projects and, as a result, important capital spending projects rely heavily on world aid programmers. Marketing to such countries can be problematic.

71. What factors within the international environment substantially increase the challenge of international marketing?
ANSWER: These factors can be summarized as follows:

1 *Culture*: often diverse and multicultural markets

2 *Markets*: widespread and sometimes fragmented

3 *Data*: difficult to obtain and often expensive

4 *Politics*: regimes vary in stability. Political risk becomes an important variable

5 *Governments*: can be a strong influence in regulating importers and foreign business ventures

6 *Economies*: varying levels of development and varying and sometimes unstable currencies

7 *Finance*: many differing financial systems and regulatory bodies

8 *Stakeholders*: commercial, home country and host country

9 *Business*: diverse rules, culturally influenced

10 *Control*: difficult to control and coordinate across markets.

72. You are a Global Marketing Manager of a soft drinks company whose headquarters are in the United Kingdom. The Chief Executive has asked you to provide a comprehensive evaluation of the company's performance in your area of responsibility. Which of the following approaches is most appropriate to best meet the Chief Executive's requirements?

a. Formulate a set of key performance indicators (KPIs) and incorporate this in the report.
b. Formulate a set of key performance indicators (KPIs) and measure current performance for each KPI.
c. Take the current set of strategic objectives for the organization and the objectives for your area of responsibility. Formulate a set of key performance indicators (KPIs), measure current performance for each KPI and compare this to the desired strategic performance levels. Report back to the Chief Executive on successes and failures and make recommendations for corrective action.
d. Take the current set of strategic objectives for the organization and the objectives for your area of responsibility. Formulate a set of key performance indicators (KPIs) and measure current performance for each KPI. Report back to the Chief Executive on current levels of performance.

ANSWER: c

73. You are a management consultant and have been commissioned to assess why there are differences between the strategic performance of two regional sales divisions of a sports goods company. Each division has a high degree of autonomy from the parent company in Germany. The South-East Asia Division is competing successfully whereas the South-West Asia Division is less competitive in that geographic market. As part of your investigation you review the strategic approach adopted by the South-West Asia Division and consider the following options as recommendations in your report. Which option represents the most comprehensive advice?

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a. The South West Asia Division requires a clearer international competitive focus achieved through a thorough knowledge of the international markets.
b. The South-West Asia Division requires an effective relationship strategy achieved through strong customer relations, a commitment to quality products and service and a dedication to customer service throughout international markets.
c. The South-West Asia Division should develop a culture of learning.
d. The South-West Asia Division should develop a clear international competitive focus achieved through a thorough knowledge of the international markets and an effective customer relationship strategy supported by a well-managed organization with a culture of learning.

ANSWER: d

74. You have been appointed to lead the market entry of your company's product range in sub-Saharan Africa. The product range is best targeted at densely populated cities due to the high costs associated with distribution. You have to shortlist a city for further consideration from the following list. Based on population considerations alone, which of the following cities offer the greatest marketing potential?

a. Luanda 7.5 million population (Angola 3.32% annual population growth rate)
b. Kampala 3.1 million population (Uganda 3.28% annual population growth rate)
c. Dar es Salaam 5.5 million population (Tanzania 3.11% annual population growth rate)
d. Nairobi 5.4 million population (Kenya 2.52% annual population growth rate)

ANSWER: a

75. You are responsible for marketing research and you have been asked to identify and classify the risks associated with entering the Myanmar (Burma) market. Which of the following options would best describe the political risks associated with this strategic market entry option?

a. *Operational restrictions*. These could be exchange controls, employment policies, insistence on locally shared ownership and particular product requirements.
b. *Discriminatory restrictions*. These tend to be imposed on purely foreign firms and, sometimes, only firms from a particular country. Such barriers tend to be special taxes and tariffs, compulsory subcontracting or loss of financial freedom.
c. *Physical actions*. These actions are direct government interventions such as confiscation without any payment of indemnity, a forced takeover by the government, expropriation, nationalization or even damage to property or personnel through riots and war.
d. *Investment restrictions* are a common way that governments interfere politically in international markets by restricting levels of investment, location of facilities, choice of local partners and ownership percentage.

ANSWER: c

76. You have been asked to undertake a SWOT analysis of your company's leading brand in preparation for entering a new international market. Which of the following processes should lead to the most accurate SWOT analysis?

a. Ask the Brand Marketing Team to list their perceptions of the strengths and weaknesses of the brand and the opportunities and threats facing the brand with supporting evidence.
b. Ask the public to list their perceptions of the strengths and weaknesses of the brand.
c. Ask a range of stakeholders, including the Brand Marketing Team, to list their perceptions of the strengths and weaknesses of the brand and the opportunities and threats facing the brand with supporting evidence.
d. Ask the Brand Marketing Team to list their perceptions of the opportunities and threats facing the brand.

ANSWER: c

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77. By 2030 Delhi, India will have the world's highest city population; what will its population be?
    a. 32,869,000
    b. 36,574,000
    c. 38,939,000
    d. 28,076,000
    e. 25,517,000

ANSWER: e

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