***Marketing Management, 3e* (Marshall)**

**Chapter 2 Marketing Foundations: Global, Ethical, Sustainable**

1) Businesses are not confined to a local market due to improved distribution, sophisticated communication tools, product standardization, and the Internet.

2) Small companies have to invest a lot of money to go global.

3) When companies sell in other countries through limited direct contact or indirect intermediaries, they always consider themselves to be involved in foreign marketing.

4) A company can do business with an international customer and still not engage in direct foreign marketing.

5) The most significant difference between international and global marketing organizations is management philosophy and corporate planning.

6) The first step in moving into global markets is to evaluate the market opportunities.

7) Global marketing research focuses on just three types of basic information: economic, cultural, and political/legal.

8) Countries create regional market zones for mutual economic benefit through reduced trade barriers and lower tariffs.

9) The European Union is the most successful regional market zone.

10) The economic output of the European Union (EU) is larger than that of the United States.

11) The most common foreign market entry strategy is licensing.

12) Licensing is a useful form of market entry when companies lack the resources to establish independent operations in foreign markets.

13) Franchisees have a great deal of control in how they manage their businesses.

14) Direct foreign investment is the market entry strategy with the greatest long-term implications.

15) Mr. Coffee had a good understanding of the Japanese culture when it introduced coffeemakers that fit well in Japanese kitchens.

16) Nestlé embraces a local branding strategy globally while other companies like Coca-Cola and Kellogg use a global branding strategy.

17) The country-of-origin effect is always positive in a customer's perception.

18) The strategic objective of channel strategy known as "coverage" relates to how much the global market distribution systems cost.

19) The global market advertising approach in which distinct ads are built around several marketing messages, and local marketers select the ads that best fit their specific market situation, is known as global marketing with local content.

20) Farah's Fabrics Inc. prices its products for the global market by using cost plus markup to arrive at a final price. This is known as cost-based pricing.

21) Engaging in ethical business practices generally has little impact on marketing strategy and implementation.

22) Ethical issues related to product strategy begin with determining what markets should be targeted.

23) The concept of sustainability includes all business practices that seek to balance business success and societal success over the long term.

24) The triple bottom line metric is used for measuring the financial results of the company, but does not take into account equity, economic or environmental considerations.

25) An understanding of marketing beyond home markets develops over time as a company gets more international business experience. This process is referred to as the \_\_\_\_\_\_\_\_.

A) global acceptance curve

B) global learning continuum

C) international experience learning curve

D) global experience learning curve

E) international experience continuum

26) Firms that manufacture in a foreign market and maintain an extensive sales organization and distribution network but have a "domestic first" mind-set are probably engaged in \_\_\_\_\_\_\_\_ marketing.

A) organic

B) buzz

C) international

D) viral

E) local

27) \_\_\_\_\_\_\_\_ is one of the most widely used measures of economic growth.

A) Return on investment

B) Break-even point

C) Gross domestic product

D) Six Sigma

E) Stock market index

28) Techel Electronics, a multinational company, manufactures its products in its home market, but treats the world as a single market with many segments in it. It sold televisions worth $47 million in 2017 in international markets, which was more than half of its total revenue. In the context of stages of global experience learning curve, the company is engaged in \_\_\_\_\_\_\_\_.

A) global marketing

B) no direct foreign marketing

C) global partnerships

D) foreign marketing

E) international marketing

29) Sam is flying to Rio de Janeiro, Brazil, to meet with a prospective customer. He wants to learn the ethical standards, degree of formality, and gender biases of the country. Which of the following types of information will help Sam to accomplish his task?

A) economic

B) demographic

C) business environment

D) political and legal

E) geography

30) John, the CEO of Tresnel Inc., learns that the government of one of his company's foreign markets has enacted a new law that limits the amount of profit it can make. He projects that this will result in future losses. If John researches the \_\_\_\_\_\_\_\_ environment, he can plan a strategy to deal with this situation.

A) economic

B) cultural and societal

C) business

D) political and legal

E) geographical

31) In Serovia, most people eat dinner after 10:00 p.m. This would be identified in the \_\_\_\_\_\_\_\_ section of a global market research report.

A) economic

B) cultural, societal

C) business environment

D) political, legal

E) history, geography

32) The color red means different things in different parts of the world. For example, in China, a bride traditionally would wear red but not white. White is a symbol of death. This would be identified in the \_\_\_\_\_\_\_\_ section of a global market research report.

A) economic

B) cultural, societal trends

C) business environment

D) political, legal

E) history, geography

33) Many countries base their court systems on those of former rulers. For example, the Spanish ruled many South American countries; therefore, the court system is based on code or civil law. This would be identified in the \_\_\_\_\_\_\_\_ section of a global market research report.

A) economic

B) cultural, societal

C) business environment

D) political, legal

E) history, geography

34) Data on consumer spending per capita or industrial purchasing trends would be identified in the \_\_\_\_\_\_\_\_ section of a global market research report.

A) economic

B) cultural, societal

C) business environment

D) political, legal

E) history, geography

35) Cho, the international sales manager at a fashion house, is concerned that the euro is stronger than the U.S. dollar. This would be identified in the \_\_\_\_\_\_\_\_ section of a global market research report.

A) economic

B) cultural, societal

C) business environment

D) political, legal

E) history, geography

36) Phillippe needs to fire a manager of a French subsidiary of his company. He recently found that French law makes it difficult to terminate employees. This would be identified in the \_\_\_\_\_\_\_\_ section of a global market research report.

A) economic

B) cultural, societal

C) business environment

D) political, legal

E) history, geography

37) \_\_\_\_\_\_\_\_ percent of the world's economic growth in the next 20 years is predicted to come from emerging markets, such as China and India.

A) 10

B) 35

C) 52

D) 75

E) 90

38) The fastest-growing economy in the world in 2017 was \_\_\_\_\_\_\_\_.

A) Sierra Leone

B) Afghanistan

C) Macau

D) China

E) Libya

39) Which of the following is NOT one of the forces that drives countries to form regional market zones?

A) religious values

B) geographic proximity

C) economic

D) cultural similarities

E) political

40) MERCOSUR is a regional market zone in \_\_\_\_\_\_\_\_.

A) Asia

B) Africa

C) North America

D) The Mideast

E) South America

41) NAFTA is a market zone that eliminates tariffs between the United States and \_\_\_\_\_\_\_\_.

A) Canada, Mexico, and Costa Rica

B) Canada and Mexico

C) Mexico, Honduras, Nicaragua, Costa Rica, and Panama

D) Canada, Mexico, Costa Rica, and Panama

E) Canada, Costa Rica, and Panama

42) \_\_\_\_\_\_\_\_ is the most common method for entering foreign markets.

A) Direct foreign investment

B) Licensing

C) Franchising

D) Exporting

E) Joint ventures

43) \_\_\_\_\_\_\_\_ represent an exporting firm in a foreign market. They become the face of a company through servicing customers, selling products, and receiving payment. They often take title to the goods and resell them.

A) Brokers

B) Export agents

C) Distributors

D) Direct sales forces

E) Freight forwarders

44) A technology or high-end industrial product company is most likely to use a(n) \_\_\_\_\_\_\_\_ in foreign markets because customers expect the expertise of highly-trained, accessible personnel.

A) broker

B) export agent

C) distributor

D) direct sales force

E) freight forwarder

45) Advantages to licensing as a market entry strategy include all of the following EXCEPT\_\_\_\_\_\_\_\_.

A) limited financial risk in the short run

B) easy availability of raw materials

C) services such as local distribution

D) decrease in operational costs

E) complete control of the patent

46) Which of the following is NOT an advantage of franchising as a market entry strategy?

A) local market knowledge

B) product consistency and easing of legal requirements

C) local management expertise

D) quality control is at the point of customer contact

E) economies of scale exist

47) The \_\_\_\_\_\_\_\_ industry best illustrates the power of strategic alliances.

A) automobile

B) telecommunications

C) airline

D) computer

E) video gaming

48) Herbie recently read that Crane Airways of Japan, Kestrel Airlines of Germany, Heron Air of Australia, and Egret Airways of India have code sharing partnership, which allows passengers to fly on any of the airlines, share frequent flyer miles, and give each other logistical support. Herbie had just learned in his Global Marketing class that this arrangement is known as a(n) \_\_\_\_\_\_\_\_.

A) franchising

B) strategic alliance

C) green field project

D) acquisition

E) licensing

49) Arthur's Auto Parts Inc. wants to enter the Russian market. Russian law prevents foreign entities from owning a majority position in a company there. The best method of entry for Arthur's is most likely \_\_\_\_\_\_\_\_.

A) merger

B) joint venture

C) acquisition

D) franchising

E) direct foreign investment

50) Many countries restrict marketing to children more severely than in the United States. A firm considering direct foreign investment would report this finding under the heading of \_\_\_\_\_\_\_\_.

A) technology transfer

B) legal issues

C) transaction costs

D) marketing communication barriers

E) product differentiation

51) The value of the Japanese yen has fluctuated widely during the 2000s compared to the U.S. dollar. A firm considering direct foreign investment would report this finding under the heading of \_\_\_\_\_\_\_\_.

A) timing

B) legal issues

C) transaction costs

D) marketing communication barriers

E) product differentiation

52) NaviCal Inc., a personal navigation system company, has contracted its manufacturing to a firm in Malaysia for five years. NaviCal had high financial growth, and it wants to purchase the manufacturing facility. This market entry method is called \_\_\_\_\_\_\_\_.

A) franchising

B) strategic alliance

C) joint venture

D) direct foreign investment

E) licensing

53) The primary organizational patterns employed by organizations around the world are \_\_\_\_\_\_\_\_.

A) highly decentralized, decentralized, and centralized

B) highly centralized, centralized, and decentralized

C) regionalized, highly regionalized, and centralized

D) decentralized, centralized, and regionalized

E) regionalized, moderately decentralized, and centralized

54) When local government relationships are critical to the success of international operations, the best organizational structure for a firm would be \_\_\_\_\_\_\_\_.

A) targeted organization

B) global product lines

C) geographic regions

D) hybrid or matrix

E) multinationals

55) In the context of organizational structures, most companies today use some form of \_\_\_\_\_\_\_\_ structure that encourages regional autonomy while building product competence in key areas around the world.

A) targeted organization

B) global product lines

C) geographic region

D) matrix

E) multinational

56) Coca-Cola changes the taste of its soft drinks to meet local market preferences. This is an example of \_\_\_\_\_\_\_\_.

A) direct product extension

B) product adaptation

C) backward product invention

D) product invention

E) hybrid products

57) Bistrone corn canned soup was made expressly for the Japanese market by Coca-Cola Japan. This is an example of \_\_\_\_\_\_\_\_.

A) direct product extension

B) product adaptation

C) backward product adaptation

D) product invention

E) hybrid products

58) Outdated cell phones used in Europe or Asia have been introduced into the Latin American markets that don't have more updated models. This is an example of \_\_\_\_\_\_\_\_.

A) forward extension

B) product adaptation

C) backward invention

D) product extension

E) hybrid products

59) In the context of identifying specific consumer trends, \_\_\_\_\_\_\_\_ is not a product issue for international consumer marketers.

A) brand strategy

B) country-of-origin effect

C) quality

D) fitting the product to the culture

E) manufacturing

60) Coca-Cola introduced a new product called Diet Coke in Japan. Sales of this product were low in the initial stages because Japanese women associated the word diet with weakness; however, changing the name of the product from Diet Coke to Coke Light proved effective. Which of the following product issues affected the sales of Diet Coke in this scenario?

A) brand strategy

B) country-of-origin effect

C) quality

D) fitting the product to the culture

E) manufacturing

61) Ford Motor Co. introduced its automobile called Nova in Mexico. It faced difficulty in selling the car because "Nova" in Spanish means "It doesn't go." This illustrates a problem with \_\_\_\_\_\_\_\_.

A) brand strategy

B) country-of-origin effect

C) quality

D) fitting the product to the culture

E) manufacturing

62) People around the world prefer Swiss watches over watches manufactured in other countries. In the context of product issues, which of the following best describes the customer's perception?

A) brand strategy

B) country-of-origin effect

C) quality

D) fitting the product to the culture

E) manufacturing

63) Steve wants to gift a box of chocolates to his best friend. He walks into a store and buys Belgian chocolates because his friend once mentioned that they are the best in the world. This is an example of how consumers respond to \_\_\_\_\_\_\_\_.

A) brand strategy

B) country-of-origin effect

C) quality

D) fitting the product to the culture

E) price

64) In the context of market channels, the use of local distribution networks to reach target customers is identified in the \_\_\_\_\_\_\_\_ channel factor.

A) cost

B) coverage

C) character

D) continuity

E) control

65) Which of the following channel strategies helps in increasing the efficiency of local distribution systems by eliminating unnecessary middlemen?

A) cost

B) coverage

C) character

D) continuity

E) control

66) Well-established distributors in a marketing channel often have relationships with competitors. In the context of market channels, which of the following channel strategies corresponds to this issue?

A) capital

B) coverage

C) character

D) continuity

E) control

67) Aligning the firm's philosophy with that of a potential channel partner would be identified in the channel strategy of \_\_\_\_\_\_\_\_.

A) cost

B) coverage

C) character

D) continuity

E) control

68) Most global marketers rely on local distribution networks in foreign markets. This is because it is very expensive to build a company's own distribution network in a foreign market. This issue can be identified in the channel strategy of \_\_\_\_\_\_\_\_.

A) change

B) coverage

C) character

D) continuity

E) control

69) PepsiCo and Coca-Cola sponsor traveling carnivals in rural Latin America to encourage product trial. This element of marketing communications is called \_\_\_\_\_\_\_\_.

A) advertising

B) personal selling

C) sales promotion

D) public relations

E) direct marketing

70) The task of handling crises and giving the company's perspective to news organizations belongs in the \_\_\_\_\_\_\_\_ element of marketing communications.

A) advertising

B) personal selling

C) sales promotion

D) public relations

E) direct marketing

71) Jason went to an automobile dealership to buy a car, and he spent two hours talking to an employee about options. This element of marketing communications is called \_\_\_\_\_\_\_\_.

A) advertising

B) personal selling

C) promotion

D) public relations

E) direct marketing

72) Delxen Inc., a multinational company, uses the same prices for all its products globally. This type of pricing is called \_\_\_\_\_\_\_\_.

A) going-rate price

B) one world price

C) local market condition price

D) transfer price

E) cost-based price

73) Prices of products are often higher in a foreign country than the home country due to transportation charges, taxes, tariffs, and exchange rate fluctuations. This change in price from home country to foreign country is referred to as \_\_\_\_\_\_\_\_.

A) price escalation

B) price scaling

C) cost-plus pricing

D) cost-based pricing

E) market price

74) Charging a price that is lower than actual costs or less than the company charges in its home market is called \_\_\_\_\_\_\_\_.

A) gray marketing

B) price fixing

C) dumping

D) compensation trading

E) offset pricing

75) When distributors do not have authorization from manufacturers but divert products from low-price markets and sell them in high-price markets, they are practicing \_\_\_\_\_\_\_\_.

A) gray market distribution

B) price fixing

C) dumping

D) compensation trading

E) offset pricing

76) \_\_\_\_\_\_\_\_ encompasses a societal and professional standard of right and fair practices that are expected of marketing managers in their oversight of strategy formulation, implementation, and control.

A) Marketing ethics

B) Price fixing

C) Social responsibility

D) Accreditation

E) Personal selling

77) \_\_\_\_\_\_\_\_ is the net benefits (or costs) associated with a product or service, and it is affected by the buyer's trust that the company will keep its promises.

A) Value

B) Outlay

C) Exchange

D) Accreditation

E) Gain

78) Perdue found that one of its chicken products may have been contaminated with bacteria, so it pulled it off the shelves and instituted a recall. This potential ethical issue was associated with which element of the marketing mix?

A) product

B) price

C) distribution

D) marketing communications

E) promotion

79) Latosha was thrilled when she found a low-cost airfare to Moscow, but she was not happy when she bought the tickets and realized there were hundreds of dollars in added fees. Which element of the marketing mix was impacted?

A) product

B) price

C) distribution

D) marketing communications

E) promotion

80) What area in marketing presents the most ethical challenges?

A) product

B) price

C) distribution

D) marketing communications

E) promotion

81) The American Marketing Association's code of ethics speaks to six primary ethical values: honesty, responsibility, fairness, respect, transparency, and \_\_\_\_\_\_\_\_.

A) social conscience

B) loyalty

C) consumer-orientation

D) sustainability

E) citizenship

82) In the 1930s, companies and consumers began to realize that utilizing resources efficiently and effectively was good for society and beneficial to business. This grew into the \_\_\_\_\_\_\_\_ movement.

A) direct investment

B) profitability

C) consumer-orientation

D) green

E) active citizen

83) The text discusses the triple bottom line metric, and outlines an approach to consider the impact of TBL in marketing management. This includes people, planet, and \_\_\_\_\_\_\_\_.

A) community

B) environment

C) product

D) profit

E) promotion

84) Starbucks has been successful in developing "ethically sourced" coffee that is socially responsible and environmentally safe. This demonstrates which element of TBL?

A) people

B) planet

C) product

D) profit

E) promotion

85) Explain the difference between foreign marketing, international marketing, and global marketing.

86) Describe the following key regional market zones: European Union, MERCOSUR, NAFTA, and ASEAN. What countries do they include, what benefits do they have, and have they been successful?

87) Compare and contrast the various strategies for entering new global markets: exporting, licensing, franchising, strategic alliances, and direct foreign investment. Give examples of when each strategy would be best utilized.

88) Define the terms direct product extension, product adaptation, and product invention. Give an example of each.

89) What are the Six Cs of channel strategy? Give examples showing how each of these can impact channel partner decisions.

90) Explain the concept of the triple bottom line. How is this relevant to marketing?