International Marketing, 18e **(Cateora)**
Chapter 15 International Marketing Channels

1) The distribution process includes promotion of goods and services by sellers and resellers.

Answer: FALSE
Explanation: The distribution process includes the physical handling and distribution of goods, the passage of ownership (title), and the buying and selling negotiations between producers and middlemen and between middlemen and customers.
Difficulty: 1 Easy
Topic: Factors to Consider When Designing International Distribution Strategies
Learning Objective: 15-01 The variety of distribution channels and how they affect cost and efficiency in marketing.
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2) The behavior of channel members in the distribution process is the result of the interactions between the cultural environment and the marketing process.

Answer: TRUE
Explanation: The behavior of channel members is the result of the interactions between the cultural environment and the marketing process.
Difficulty: 1 Easy
Topic: Factors to Consider When Designing International Distribution Strategies
Learning Objective: 15-01 The variety of distribution channels and how they affect cost and efficiency in marketing.
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3) In an import-oriented distribution structure, supply often exceeds demand.

Answer: FALSE
Explanation: In an import-oriented or traditional distribution structure, an importer controls a fixed supply of goods, and the marketing system develops around the philosophy of selling a limited supply of goods at high prices to a small number of affluent customers. In the resulting seller's market, market penetration and mass distribution are not necessary because demand exceeds supply, and in most cases, the customer seeks the supply from a limited number of middlemen.
Difficulty: 1 Easy
Topic: Factors to Consider When Designing International Distribution Strategies
Learning Objective: 15-01 The variety of distribution channels and how they affect cost and efficiency in marketing.
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4) Traditional distribution channels in developing countries evolved from economies with a strong dependence on imported manufactured goods.

Answer: TRUE
Explanation: Traditional channels in developing countries evolved from economies with a strong dependence on imported manufactured goods. In an import-oriented or traditional distribution structure, an importer controls a fixed supply of goods, and the marketing system develops around the philosophy of selling a limited supply of goods at high prices to a small number of affluent customers.
Difficulty: 1 Easy
Topic: Factors to Consider When Designing International Distribution Strategies
Learning Objective: 15-01 The variety of distribution channels and how they affect cost and efficiency in marketing.
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5) In a traditional distribution structure, distribution systems are national rather than local in scope.

Answer: FALSE
Explanation: In the traditional distribution structure, distribution systems are local rather than national in scope.
Difficulty: 1 Easy
Topic: Factors to Consider When Designing International Distribution Strategies
Learning Objective: 15-01 The variety of distribution channels and how they affect cost and efficiency in marketing.
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6) In the traditional distribution structure in a developing country, independent agencies that provide facilitating functions are nonexistent or underdeveloped.

Answer: TRUE
Explanation: In a traditional distribution structure, the importer–wholesaler performs most of the marketing functions. Hence, independent agencies that provide advertising, marketing research, warehousing and storage, transportation, financing, and other facilitating functions found in a developed, mature marketing infrastructure are nonexistent or underdeveloped.
Difficulty: 2 Medium
Topic: Factors to Consider When Designing International Distribution Strategies
Learning Objective: 15-01 The variety of distribution channels and how they affect cost and efficiency in marketing.
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7) A distinguishing characteristic of the Japanese distribution channel system is that it is controlled by a few small local retailers.

Answer: FALSE
Explanation: The Japanese system has four distinguishing features: (1) a structure dominated by many small middlemen dealing with many small retailers, (2) channel control by manufacturers, (3) a business philosophy shaped by a unique culture, and (4) laws that protect the foundation of the system—the small retailer.
Difficulty: 1 Easy
Topic: Retailers in Foreign Markets
Learning Objective: 15-02 The Japanese distribution structure and what it means to Japanese customers and to competing importers of goods.
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8) The Japanese distribution structure is similar to ones found in the United States or Europe.

Answer: FALSE
Explanation: The Japanese distribution structure is different enough from its U.S. or European counterparts that it should be carefully studied by anyone contemplating entry. The Japanese system has four distinguishing features: (1) a structure dominated by many small middlemen dealing with many small retailers, (2) channel control by manufacturers, (3) a business philosophy shaped by a unique culture, and (4) laws that protect the foundation of the system—the small retailer.
Difficulty: 1 Easy
Topic: Factors to Consider When Designing International Distribution Strategies
Learning Objective: 15-02 The Japanese distribution structure and what it means to Japanese customers and to competing importers of goods.
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9) In the context of the distribution structure in Japan, it has been observed that Japanese consumers favor cheaper prices over personal service.

Answer: FALSE
Explanation: The Japanese consumer contributes to the continuation of the traditional nature of the distribution system through frequent buying trips, small purchases, favoring personal service over price, and a proclivity for loyalty to brands perceived to be of high quality. Additionally, Japanese law gives the small retailer enormous advantage over the development of larger stores and competition.
Difficulty: 1 Easy
Topic: Factors to Consider When Designing International Distribution Strategies
Learning Objective: 15-02 The Japanese distribution structure and what it means to Japanese customers and to competing importers of goods.
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10) As traditional channel structures are changing, importers and retailers are becoming less involved in new product development.

Answer: FALSE
Explanation: Importers and retailers also are becoming more involved in new product development, as channel expansion contributes to firm value; for example, the Mexican appliance and electronics giant Grupo Elektra has formed an alliance with Beijing Automobile Works Group to develop and build low-cost cars for Mexico and export markets.
Difficulty: 2 Medium
Topic: Retailers in Foreign Markets
Learning Objective: 15-02 The Japanese distribution structure and what it means to Japanese customers and to competing importers of goods.
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11) In the context of distribution structures, one of Walmart's strengths is its ability to work with distributors one-on-one.

Answer: FALSE
Explanation: One of Walmart's strengths in distribution is its internal Internet-based system, which makes its transactions with suppliers more efficient and lowers its cost of operations. It is buying ailing retailers around the world with the intention of "saving them" with its distribution technologies.
Difficulty: 1 Easy
Topic: Factors to Consider When Designing International Distribution Strategies
Learning Objective: 15-02 The Japanese distribution structure and what it means to Japanese customers and to competing importers of goods.
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12) Globally, wholesaling shows a greater diversity in its distribution structure than does retailing.

Answer: FALSE
Explanation: Retailing shows greater diversity in its structure than does wholesaling.
Difficulty: 1 Easy
Topic: Retailers in Foreign Markets
Learning Objective: 15-03 How distribution patterns affect the various aspects of international marketing.
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13) Direct marketing works well in affluent markets as well as in markets with underdeveloped distribution systems.

Answer: TRUE
Explanation: Selling directly to the consumer through mail, by telephone, or door-to-door is often the approach of choice in markets with insufficient or underdeveloped distribution systems. The approach, of course, also works well in the most affluent markets.
Difficulty: 1 Easy
Topic: Factors to Consider When Designing International Distribution Strategies
Learning Objective: 15-03 How distribution patterns affect the various aspects of international marketing.
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14) Agent middlemen work on commission and do not take title to the merchandise.

Answer: TRUE
Explanation: Agent middlemen work on commission and arrange for sales in the foreign country but do not take title to the merchandise. By using agents, the manufacturer assumes trading risk but maintains the right to establish policy guidelines and prices and to require its agents to provide sales records and customer information.
Difficulty: 1 Easy
Topic: Factors to Consider When Designing International Distribution Strategies
Learning Objective: 15-04 The functions, advantages, and disadvantages of various kinds of middlemen.
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15) Merchant middlemen tend to be more controllable than agent middlemen because they take title to manufacturers' goods.

Answer: FALSE
Explanation: Merchant middlemen actually take title to manufacturers' goods and assume the trading risks, so they tend to be less controllable than agent middlemen. Because merchant middlemen primarily are concerned with sales and profit margins on their merchandise, they are frequently criticized for not representing the best interests of a manufacturer.
Difficulty: 1 Easy
Topic: Factors to Consider When Designing International Distribution Strategies
Learning Objective: 15-04 The functions, advantages, and disadvantages of various kinds of middlemen.
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16) The distribution channel process includes all activities, beginning with the manufacturer and ending with the retailer.

Answer: FALSE
Explanation: The distribution channel process includes all activities, beginning with the manufacturer and ending with the final consumer.
Difficulty: 1 Easy
Topic: Factors to Consider When Designing International Distribution Strategies
Learning Objective: 15-04 The functions, advantages, and disadvantages of various kinds of middlemen.
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17) Domestic middlemen offer many advantages for companies with large international sales volume.

Answer: FALSE
Explanation: Domestic middlemen offer many advantages for companies with small international sales volume, those inexperienced with foreign markets, those not wanting to become immediately involved with the complexities of international marketing, and those wanting to sell abroad with minimal financial and management commitment.
Difficulty: 1 Easy
Topic: Factors to Consider When Designing International Distribution Strategies
Learning Objective: 15-04 The functions, advantages, and disadvantages of various kinds of middlemen.
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18) An export management company (EMC) functions as a low-cost, independent marketing department with direct responsibility to the parent firm.

Answer: TRUE
Explanation: Working under the names of the manufacturers, the EMC functions as a low-cost, independent marketing department with direct responsibility to the parent firm. The working relationship is so close that customers are often unaware they are not dealing directly with the export department of the company.
Difficulty: 1 Easy
Topic: Factors to Consider When Designing International Distribution Strategies
Learning Objective: 15-04 The functions, advantages, and disadvantages of various kinds of middlemen.
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19) The WTO in 2003 ruled export management companies to be in violation of international trade rules.

Answer: FALSE
Explanation: The WTO in 2003 ruled *foreign sales corporations* to be in violation of international trade rules, thus starting a major trade dispute with the European Union that still simmers and occasionally boils over.
Difficulty: 1 Easy
Topic: Factors to Consider When Designing International Distribution Strategies
Learning Objective: 15-04 The functions, advantages, and disadvantages of various kinds of middlemen.
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20) The Export Trading Company Act allows producers of similar products to form export trading companies.

Answer: TRUE
Explanation: The Export Trading Company (ETC) Act allows producers of similar products to form export trading companies. A major goal of the ETC Act was to increase U.S. exports by encouraging more efficient export trade services to producers and suppliers to improve the availability of trade finance and to remove antitrust disincentives to export activities.
Difficulty: 1 Easy
Topic: Factors to Consider When Designing International Distribution Strategies
Learning Objective: 15-04 The functions, advantages, and disadvantages of various kinds of middlemen.
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21) Trading companies provide the best means for intensive coverage of the market in Japan.

Answer: TRUE
Explanation: Because trading companies may control many of the distributors and maintain broad distribution channels, they provide the best means for intensive coverage of the market. For companies seeking entrance into the complicated Japanese distribution system, the Japanese trading company offers one of the easiest routes to success.
Difficulty: 1 Easy
Topic: Factors to Consider When Designing International Distribution Strategies
Learning Objective: 15-04 The functions, advantages, and disadvantages of various kinds of middlemen.
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22) Using foreign-country middlemen moves the manufacturer away from the market and the company becomes less involved with problems of language, physical distribution, communications, and financing.

Answer: FALSE
Explanation: Using foreign-country middlemen moves the manufacturer closer to the market and involves the company more closely with problems of language, physical distribution, communications, and financing.
Difficulty: 1 Easy
Topic: Factors to Consider When Designing International Distribution Strategies
Learning Objective: 15-04 The functions, advantages, and disadvantages of various kinds of middlemen.
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23) Channels of distribution often pose longevity problems as they tend to be small institutions.

Answer: TRUE
Explanation: Channels of distribution often pose longevity problems. Most agent middlemen firms tend to be small institutions. When one individual retires or moves out of a line of business, the company may find it has lost its distribution in that area. Wholesalers and especially retailers are not noted for their continuity in business either.
Difficulty: 1 Easy
Topic: Factors to Consider When Designing International Distribution Strategies
Learning Objective: 15-04 The functions, advantages, and disadvantages of various kinds of middlemen.
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24) In the United States, if a middleman is terminated, the company is required to pay 1 percent of the middleman's average annual compensation multiplied by the number of years the middleman served as a final settlement.

Answer: FALSE
Explanation: In the United States, termination is usually a simple action regardless of the type of middlemen; they are simply dismissed. However, in other parts of the world, the middleman often has some legal protection that makes termination difficult.
Difficulty: 1 Easy
Topic: Factors to Consider When Designing International Distribution Strategies
Learning Objective: 15-05 The importance of selecting and maintaining middlemen.
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25) Selecting a middleman is usually as simple as asking for a recommendation from a company's local manager.

Answer: FALSE
Explanation: The screening and selection process for a middleman should include an exploratory letter or e-mail including product information and distributor requirements in the native language sent to each prospective middleman; a follow-up with the best respondents for specific information concerning lines handled, territory covered, size of firm, number of salespeople, and other background information; check of credit and references from other clients and customers of the prospective middleman; and, if possible, a personal check of the most promising firms.
Difficulty: 1 Easy
Topic: Factors to Consider When Designing International Distribution Strategies
Learning Objective: 15-05 The importance of selecting and maintaining middlemen.
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26) Legal advice is not necessary when entering distribution contracts with middlemen.

Answer: FALSE
Explanation: Competent legal advice is vital when entering distribution contracts with middlemen. But as many experienced international marketers know, the best rule is to avoid the need to terminate distributors by screening all prospective middlemen carefully.
Difficulty: 1 Easy
Topic: Factors to Consider When Designing International Distribution Strategies
Learning Objective: 15-05 The importance of selecting and maintaining middlemen.
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27) Ideally, a website should be translated into the languages of the target market.

Answer: TRUE
Explanation: Ideally, a website should be translated into the languages of the target markets. This translation may not be financially feasible for some companies, but at least the most important pages of the site should be translated.
Difficulty: 1 Easy
Topic: How the Physical Environment and Technology Influence Culture
Learning Objective: 15-06 The growing importance of e-commerce as a distribution alternative.
Bloom's: Remember
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28) An e-vendor in a foreign market can generally ignore culture as an important variable because the commerce is being done via the Internet, which is culturally insensitive.

Answer: FALSE
Explanation: The website and the product must be culturally neutral or adapted to fit the uniqueness of a market, because culture does matter.
Difficulty: 1 Easy
Topic: How the Physical Environment and Technology Influence Culture
Learning Objective: 15-06 The growing importance of e-commerce as a distribution alternative.
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29) A change of transportation mode can affect a change in packaging and handling, inventory costs, warehousing time and cost, and delivery charges.

Answer: TRUE
Explanation: A change of transportation mode can affect a change in packaging and handling, inventory costs, warehousing time and cost, and delivery charges. Since container ships move more than 95% of the world's manufactured goods, changes in cargo capacity can have a dramatic effect on pricing flow of goods at the retail level.
Difficulty: 1 Easy
Topic: The Importance of Production and Logistics Decisions
Learning Objective: 15-07 The interdependence of physical distribution activities.
Bloom's: Remember
AACSB: Analytical Thinking
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30) A physical distribution system involves only the physical movement of goods.

Answer: FALSE
Explanation: A physical distribution system involves more than the physical movement of goods. It includes the location of plants and warehousing (storage), transportation mode, inventory quantities, and packing.
Difficulty: 1 Easy
Topic: The Importance of Production and Logistics Decisions
Learning Objective: 15-07 The interdependence of physical distribution activities.
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31) The _____ process includes the physical handling and distribution of goods, the passage of ownership (title), and the buying and selling negotiations between producers and middlemen and between middlemen and customers.
A) logistics
B) marketing
C) channel
D) distribution
E) control

Answer: D
Explanation: The distribution process includes the physical handling and distribution of goods, the passage of ownership (title), and—most important from the standpoint of marketing strategy—the buying and selling negotiations between producers and middlemen and between middlemen and customers.
Difficulty: 1 Easy
Topic: Factors to Consider When Designing International Distribution Strategies
Learning Objective: 15-01 The variety of distribution channels and how they affect cost and efficiency in marketing.
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32) In a _____ distribution structure, an importer controls a fixed supply of goods and the marketing system develops around the philosophy of selling a limited supply of goods at high prices to a small number of affluent customers.
A) domestic
B) traditional
C) manufacturer-oriented
D) service
E) customer-oriented

Answer: B
Explanation: In an *import-oriented* or *traditional* distribution structure, an importer controls a fixed supply of goods, and the marketing system develops around the philosophy of selling a limited supply of goods at high prices to a small number of affluent customers.
Difficulty: 1 Easy
Topic: Factors to Consider When Designing International Distribution Strategies
Learning Objective: 15-01 The variety of distribution channels and how they affect cost and efficiency in marketing.
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33) Which distribution structure is also known as a traditional distribution structure?
A) Export-oriented
B) Import-oriented
C) Manufacturer-oriented
D) Service-oriented
E) Customer-oriented

Answer: B
Explanation: An import-oriented distribution structures is also known as a traditional distribution structure. In an *import-oriented* or *traditional* distribution structure, an importer controls a fixed supply of goods, and the marketing system develops around the philosophy of selling a limited supply of goods at high prices to a small number of affluent customers.
Difficulty: 1 Easy
Topic: Factors to Consider When Designing International Distribution Strategies
Learning Objective: 15-01 The variety of distribution channels and how they affect cost and efficiency in marketing.
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34) In an import-oriented distribution structure,
A) the importer–wholesaler traditionally performs most of the marketing functions.
B) the relationship between the importer and any middleman is similar to that found in a mass-marketing system.
C) several independent agencies provide functions such as advertising, marketing research, and financing.
D) the idea of a channel as a chain of intermediaries performing specific activities is common.
E) the distribution system is national in scope.

Answer: A
Explanation: An import-oriented distribution structure is considered as a traditional distribution structure. Since the importer–wholesaler traditionally performs most marketing functions, independent agencies that provide advertising, marketing research, warehousing, and storage are nonexistent or underdeveloped.
Difficulty: 2 Medium
Topic: Factors to Consider When Designing International Distribution Strategies
Learning Objective: 15-01 The variety of distribution channels and how they affect cost and efficiency in marketing.
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35) Distribution in _____ has long been considered the most effective nontariff barrier to that market.
A) China
B) Japan
C) the U.S.
D) Western Europe
E) Canada

Answer: B
Explanation: Distribution in Japan has historically been considered the most effective nontariff barrier to the Japanese market. However, the market is becoming more open as many traditional modes of operation are eroding in the face of competition from foreign marketers and as Japanese consumers continue to focus on lower prices.
Difficulty: 1 Easy
Topic: Factors to Consider When Designing International Distribution Strategies
Learning Objective: 15-02 The Japanese distribution structure and what it means to Japanese customers and to competing importers of goods.
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36) What group is considered to be the foundation of the Japanese distribution system?
A) consumers
B) brokers
C) manufacturers
D) small retailers
E) wholesalers

Answer: D
Explanation: The Japanese system has four distinguishing features: (1) a structure dominated by many small middlemen dealing with many small retailers, (2) channel control by manufacturers, (3) a business philosophy shaped by a unique culture, and (4) laws that protect the foundation of the system—the small retailer.
Difficulty: 1 Easy
Topic: Retailers in Foreign Markets
Learning Objective: 15-02 The Japanese distribution structure and what it means to Japanese customers and to competing importers of goods.
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37) Which feature characterizes the business philosophy of Japanese distribution channels?
A) loyalty
B) direct sales
C) fast delivery
D) variety
E) price competition

Answer: A
Explanation: Coupled with the close economic ties and dependency created by trade customs and the long structure of Japanese distribution channels is a relationship-oriented business philosophy that emphasizes loyalty, harmony, and friendship.
Difficulty: 1 Easy
Topic: Factors to Consider When Designing International Distribution Strategies
Learning Objective: 15-02 The Japanese distribution structure and what it means to Japanese customers and to competing importers of goods.
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38) In Japan, under the Large-Scale Retail Store Law, all proposals for new "large" stores were first judged by the
A) Transport and Tourism Department.
B) Internal Affairs and Business Council.
C) Ministry of International Trade and Industry.
D) Health and Welfare Committee.
E) Local Retailers Union.

Answer: C
Explanation: In Japan, under the Large-Scale Retail Store Law, all proposals for new "large" stores were first judged by the Ministry of International Trade and Industry. Then, if all local retailers unanimously agreed to the plan, it was swiftly approved. However, without approval at the prefecture level, the plan was returned for clarification and modification, a process that could take several years (10 years was not unheard of) for approval.
Difficulty: 1 Easy
Topic: Retailers in Foreign Markets
Learning Objective: 15-02 The Japanese distribution structure and what it means to Japanese customers and to competing importers of goods.
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39) What makes Walmart's transactions with suppliers highly efficient and lowers its cost of operations?
A) clean business reputation
B) internal Internet-based system with suppliers
C) lack of competitors
D) outreach programs to placate small retailers
E) ability to influence foreign governments

Answer: B
Explanation: One of Walmart's strengths is its internal Internet-based system, which makes its transactions with suppliers highly efficient and lowers its cost of operations.
Difficulty: 1 Easy
Topic: Factors to Consider When Designing International Distribution Strategies
Learning Objective: 15-02 The Japanese distribution structure and what it means to Japanese customers and to competing importers of goods.
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40) General Motors, _____, and DaimlerChrysler have created a single online site called Covisint for purchasing automotive parts from suppliers.
A) Toyota Motor Corporation
B) Honda Motor Company
C) Ford Motor Company
D) Nissan Motor Company
E) Hyundai Motors

Answer: C
Explanation: General Motors, Ford Motor Company, and DaimlerChrysler have created a single online site called Covisint (www.covisint.com) for purchasing automotive parts from suppliers, which is expected to save the companies millions of dollars.
Difficulty: 1 Easy
Topic: Factors to Consider When Designing International Distribution Strategies
Learning Objective: 15-02 The Japanese distribution structure and what it means to Japanese customers and to competing importers of goods.
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41) The rate of change in retailing around the world appears to be directly related to the
A) literacy rate.
B) rate of inflation.
C) population growth.
D) speed of economic development.
E) currency exchange rate.

Answer: D
Explanation: Retailing around the world has been in a state of active ferment for several years and the rate of change appears to be directly related to the stage and speed of economic development, and even the least developed countries are experiencing dramatic changes. Supermarkets of one variety or another are blossoming in developed and underdeveloped countries alike.
Difficulty: 2 Medium
Topic: Retailers in Foreign Markets
Learning Objective: 15-03 How distribution patterns affect the various aspects of international marketing.
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42) What is often the approach of choice in markets with insufficient or underdeveloped distribution systems?
A) direct marketing
B) a big wholesale store
C) Internet selling
D) a discount house
E) television advertising

Answer: A
Explanation: Selling directly to the consumer through mail, by telephone, or door-to-door is often the approach of choice in markets with insufficient or underdeveloped distribution systems. The approach, of course, also works well in the most affluent markets.
Difficulty: 1 Easy
Topic: Factors to Consider When Designing International Distribution Strategies
Learning Objective: 15-03 How distribution patterns affect the various aspects of international marketing.
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43) What has proven to be an important way to break the trade barrier imposed by the Japanese distribution system?
A) direct sales through catalogs
B) large wholesale stores
C) street corner kiosks
D) Internet shopping
E) television advertising

Answer: A
Explanation: Direct sales through catalogs have proved to be a successful way to enter foreign markets. In Japan, it has been an important way to break the trade barrier imposed by the Japanese distribution system.
Difficulty: 1 Easy
Topic: Factors to Consider When Designing International Distribution Strategies
Learning Objective: 15-03 How distribution patterns affect the various aspects of international marketing.
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44) Which group is frequently criticized for not representing the best interests of a manufacturer?
A) global wholesalers
B) trading companies
C) consumers
D) merchant middlemen
E) brokers

Answer: D
Explanation: Because merchant middlemen primarily are concerned with sales and profit margins on their merchandise, they are frequently criticized for not representing the best interests of a manufacturer.
Difficulty: 1 Easy
Topic: Factors to Consider When Designing International Distribution Strategies
Learning Objective: 15-04 The functions, advantages, and disadvantages of various kinds of middlemen.
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45) Which group takes title to manufacturers' goods and assume the trading risks?
A) merchant middlemen
B) brokers
C) buying offices
D) export agent
E) agent middlemen

Answer: A
Explanation: Merchant middlemen actually take title to manufacturers' goods and assume the trading risks.
Difficulty: 1 Easy
Topic: Factors to Consider When Designing International Distribution Strategies
Learning Objective: 15-04 The functions, advantages, and disadvantages of various kinds of middlemen.
Bloom's: Remember
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46) The channel process includes all activities, beginning with the manufacturer and ending with the
A) wholesaler.
B) agent middlemen.
C) merchant middlemen.
D) retailer.
E) final consumer.

Answer: E
Explanation: The channel process includes all activities, beginning with the manufacturer and ending with the final consumer. This inclusion means the seller must exert influence over two sets of channels: one in the home country and one in the foreign-market country.
Difficulty: 1 Easy
Topic: Factors to Consider When Designing International Distribution Strategies
Learning Objective: 15-04 The functions, advantages, and disadvantages of various kinds of middlemen.
Bloom's: Remember
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

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47) A disadvantage when using home-country middlemen as intermediaries in the distribution process is the
A) large financial investment required.
B) limited control over the distribution process.
C) large managerial investments required.
D) limited number of retailers in the foreign country who can be reached.
E) large amount of commission.

Answer: B
Explanation: A major trade-off when using home-country middlemen is limited control over the entire process. Domestic middlemen are most likely to be used when the marketer is uncertain or desires to minimize financial and management investment.
Difficulty: 2 Medium
Topic: Factors to Consider When Designing International Distribution Strategies
Learning Objective: 15-04 The functions, advantages, and disadvantages of various kinds of middlemen.
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48) How are global retailers like IKEA, Costco, and Walmart becoming major domestic middlemen for international markets?
A) They maintain their core marketing approaches while localizing the array of products, promotions, and other peripheral aspects of their operations.
B) They work under the names of the manufacturers and function as low-cost, independent marketing departments with direct responsibility to the parent firms.
C) They have minimum investment costs as they do not commit to investing in company personnel.
D) They serve as the producer's export department but have a short-term relationship, cover only one or two markets, and operate on a straight commission basis.
E) They offer reduction of export costs, demand expansion through promotion, trade barrier reduction, and improvement of trade terms through bilateral bargaining.

Answer: A
Explanation: As global retailers like IKEA, Costco, and Walmart expand their global coverage, they are becoming major domestic middlemen for international markets. Their successes seem to result from maintaining their core marketing approaches while localizing the array of products, promotions, and other peripheral aspects of their operations.
Difficulty: 2 Medium
Topic: Retailers in Foreign Markets
Learning Objective: 15-04 The functions, advantages, and disadvantages of various kinds of middlemen.
Bloom's: Understand
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49) Home-country middlemen are also known as _____ middlemen, and are located in the producing firm's country.
A) area
B) local
C) merchant
D) domestic
E) regional

Answer: D
Explanation: Home-country middlemen are also known as domestic middlemen. They are located in the producing firm's country and provide marketing services from a domestic base.
Difficulty: 1 Easy
Topic: Factors to Consider When Designing International Distribution Strategies
Learning Objective: 15-04 The functions, advantages, and disadvantages of various kinds of middlemen.
Bloom's: Remember
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

50) What company offers a manufacturer's retail store?
A) Toys "R" Us
B) Walmart
C) Costco
D) Benetton
E) IKEA

Answer: D
Explanation: An important channel of distribution for a large number of manufacturers is the owned, or perhaps franchised, retail store. Disney, Benetton, and many of the classic Italian luxury goods makers take this approach.
Difficulty: 1 Easy
Topic: Factors to Consider When Designing International Distribution Strategies
Learning Objective: 15-04 The functions, advantages, and disadvantages of various kinds of middlemen.
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