International Marketing, 18e **(Cateora)**
Chapter 12 Global Marketing Management: Planning and Organization

1) In the 1970s, the market segmentation argument in global marketing was framed as "global integration versus local responsiveness."

2) The most successful companies in the global marketplace today focus on country as the primary segmentation variable.

3) From the marketing perspective, the ideal market segment size, if customer satisfaction is the goal, is one.

4) Age and gender have been the most obvious international market segmentation variables, particularly for Americans.

5) Spreading the portfolio of markets served stabilizes revenues and operations for many global companies.

6) Tactical planning is essentially long term, incorporating generalized goals for an enterprise as a whole.

7) Strategic planning deals with products, capital, research, and the long- and short-term goals of a company, and is conducted at the highest levels of management.

8) In the context of planning for global markets, the planning process is a primary medium of organizational learning.

9) The first step in the international planning process is to adapt the marketing mix to target markets.

10) Incorrect decisions taken in Phase 2 of the international planning process lead to products inappropriate for the intended market or costly mistakes in pricing, advertising, and promotion.

11) In Phase 2 of the international planning process, the results of an analysis frequently indicate that the marketing mix would require such drastic adaptation that a decision not to enter a particular market is made.

12) Phase 3 of the international planning process involves developing a marketing plan and deciding budgets and profit expectations.

13) An international marketing plan begins with a situation analysis and culminates in the selection of an entry mode and a specific action program for a market.

14) The amount of equity required by a company to use different modes of entry in a new market affects the risk, return, and control that it will have in each mode.

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15) With indirect exporting, a company sells to a customer in another country without the use of any intermediaries or distributors.

16) A Belgium company sells its products to a large retailer in Belgium, who in turn sells the products all over Europe and Asia. This is an example of indirect exporting.

17) Exporting is a common market-entry approach for mature international companies with strong marketing and relational capabilities.

18) Patent rights, trademark rights, and the rights to use technological processes are granted in foreign licensing.

19) In the context of foreign market entry, licensing is least suitable when capital is scarce.

20) With franchising, a franchiser provides a standard package of products, systems, and management services, and a franchisee provides market knowledge, capital, and personal involvement in management.

21) A strategic international alliance involves a business relationship established by two or more companies that cooperate out of mutual need and share risk in achieving a common objective.

22) Joint ventures are similar in structure and organization to minority holdings by a multinational company in a local firm.

23) The first step in building strategic international alliances is called dating.

24) An American company has just entered into an agreement with a German firm to create a separate legal entity. This new firm will be allowed to conduct business and actively compete in various European Union markets. This is a joint venture.

25) When U.S. companies face unfamiliar legal and cultural barriers in another country, it is preferable to buy an existing business than to enter into a joint venture.

26) Six high-technology companies joined forces to produce and market their products in Japan. By joining together, these companies were able to enter the Japanese market for the first time. This is an example of a consortium.

27) An Australian television manufacturer recently invested in a plant to build tuners in Mexico. This form of international business is aptly named international licensing.

28) Free trade areas that are tariff-free among members but have a common tariff for nonmembers create an opportunity that can be capitalized on by direct investment.

29) An advantage of a matrix organizational structure in international business is that it permits management to respond to the conflicts that arise among functional activity, product, and geography.

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30) If a product is culturally sensitive, then decisions related to the product are more likely to be centralized.

31) Dell Corporation is a good example of mass customization because it
A) maintains a large inventory of products.
B) builds computers to order.
C) markets to countries all over the word.
D) provides one-to-one customer service support.
E) uses local companies to build its computers.

32) With respect to global marketing management, the argument for market segmentation in the 1980s was framed as
A) globalization versus localization.
B) standardization versus adaptation.
C) adaptation versus one-to-one marketing.
D) globalization versus one-to-one marketing.
E) standardization versus localization.

33) Company M was weighing whether it could be competitive if it standardized its products for the global market. It should consider three criteria: ease of control, flexibility, and
A) global regularity.
B) degree of adaptation.
C) marketing capabilities.
D) diversity.
E) communication capabilities.

34) In the context of global marketing management, international marketers framed the argument toward market segmentation during the 1970s as
A) global integration versus one-to-one marketing.
B) standardization versus adaptation.
C) adaptation versus one-to-one marketing.
D) global integration versus local responsiveness.
E) standardization versus local responsiveness.

35) Company G takes advantage of the Internet and flexible manufacturing to create products that vary depending on the market it is sold into. This demonstrates Company G's focus on
A) localization.
B) centralization.
C) diversity.
D) competition.
E) standardization.

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36) What is the crucial question facing international marketers today?
A) What are the most efficient ways to segment markets?
B) When is adaptation more relevant than customization?
C) How can I better segment by country?
D) How can I avoid segmenting on the basis of language, age, and income?
E) How can I become more ethnocentric?

37) Which company has been known for its ability to adapt to local needs and wants in the international marketplace since its inception in 1866?
A) Kodak
B) General Foods
C) R.J. Reynolds Tobacco
D) Ralston Purina
E) Nestlé

38) Alcoa sent line workers and managers to foreign locations to seek out new techniques and processes, and they brought them back to the home country to improve operations. This shows the benefits of
A) hiring diversity.
B) standardization.
C) improvisation.
D) global marketing.
E) transfers of knowledge.

39) What statement is a feature of international corporate planning?
A) It only addresses marketing and advertising questions.
B) It specifically deals with a company's products, capital, and research.
C) It predominantly deals with the tactical issues of marketing.
D) It is essentially long term in nature.
E) It refers to the plans that are made at the local level.

40) What statement relates to strategic planning?
A) It is conducted at the lowest levels of management.
B) It deals with a company's products, capital, and research.
C) It excludes the research component of a company.
D) It is designed to solely address marketing and advertising questions at the local level.
E) It is most commonly referred to as market planning.

41) Tactical plans are
A) designed to address questions that relate to advertising and marketing.
B) associated with a company's products, capital, and research at a global level.
C) conducted at the highest levels of management.
D) unlike plans that are made at the local level.
E) most commonly referred to as corporate plans.

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42) Harry and his team draft a plan for their organization, HD Corp. They primarily establish the overall goals that HD should accomplish in the next 25 years. In this case, Harry and his team are most likely engaged in _____ planning.
A) tactical
B) market
C) corporate
D) strategic
E) personnel

43) What type of planning is conducted at the highest levels of management and deals with products, capital, research, and the long- and short-term goals of a company?
A) market
B) tactical
C) single-use
D) strategic
E) personnel

44) Jared wants to know how to reach potential customers in small towns on the Spanish coast, so he should focus his planning on the _____ level.
A) corporate
B) strategic
C) global
D) tactical
E) functional

45) The CEO and the board of directors at a large multinational company meet once a quarter to review the long- and short-term goals of the company and to make changes as required. They are engaged in _____ planning.
A) corporate
B) strategic
C) global
D) tactical
E) functional

46) If a company focuses on market planning that involves specific actions and allocation of resources, the company is most likely implementing _____ planning.
A) tactical
B) strategic
C) corporate
D) operational
E) synergistic

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47) Why might the process of planning be as important as the plan itself?
A) It involves everyone in the organization.
B) It forces decision makers to examine all factors that affect the success of a marketing program.
C) It is necessary to share all plans with shareholders annually.
D) The process of planning is a standard course business schools.
E) Decision makers face more challenges managing a domestic marketing program than a global one.

48) The first-time foreign marketer must decide what products to develop, in which markets, and
A) the resources needed.
B) the method of distribution.
C) relevant foreign currency issues.
D) the level of staffing needed.
E) the method of entry.

49) What is the first phase in the international planning process?
A) adapting the marketing mix to target markets
B) developing the marketing plan
C) matching company and country needs
D) implementation and control
E) defining market segments

50) Which aspect of international marketing is analyzed in the first phase of the international planning process?
A) country's market potential
B) product adaptation
C) advertising
D) situation analysis
E) budget

51) During which activity of the international planning process would a marketing manager conduct situation analysis and make decisions involving objectives and goals, budgets, and action programs?
A) adapting the marketing mix to target markets
B) developing the marketing plan
C) matching company and country needs
D) implementation and control
E) defining company objectives and resources

52) The primary goal of Phase 2 of the international planning process is to
A) establish criteria for screening countries.
B) determine the marketing mix.
C) match company characteristics with country potential.
D) perform a situation analysis.
E) set budgets.

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53) Phase 2 of the international planning process includes analysis of which factor?
A) company character
B) pricing
C) situation analysis
D) budgets
E) standards

54) A consumer products company has already reviewed its objectives and capabilities, established the screening criteria for reviewing potential foreign markets, and examined a series of environmental factors for the markets in which it plans to operate. What should the company do next as it proceeds with the international planning process?
A) Match the company to a country's needs.
B) Evaluate the marketing mix to target markets.
C) Modify the company's position to communication objectives.
D) Develop a marketing plan.
E) Implement and control information obtained in the initial examination.

55) What question should be answered in Phase 2 of the international marketing process?
A) Are there identifiable market segments that allow for common marketing mix tactics across countries?
B) Have objectives and goals been established?
C) Have all budgets been determined within the constraints of resources?
D) Are pre-existing channels of distribution in the new market mature enough to support the proposed expansion?
E) Have responsibilities been established for implementation and control?

56) Phase 3 of the international planning process begins with
A) creating a management performance guide.
B) evaluating host-country constraints.
C) conducting a situation analysis.
D) evaluating home-country constraints.
E) exploring the distribution options.

57) A company has just completed a marketing plan for entering eastern Europe. Included in this plan are budgets and sales and profit expectations. Which of the following phases of the international planning process has the company just completed?
A) Phase 1
B) Phase 2
C) Phase 3
D) Phase 4
E) Phase 5

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58) A company decided to expand its presence in northern Europe. Toward that end, it selected the countries where it would market its products. It also selected a mode of entry. It is now in the process of implementing specific plans. The company is currently in which phase of the international planning?
A) Phase 1
B) Phase 2
C) Phase 3
D) Phase 4
E) Phase 5

59) A company is in the process of deciding the mode of entry it will use in Japan and China. The company is in which phase of the international planning process?
A) preliminary analysis
B) defining market segment
C) developing the marketing plan
D) implementation and control
E) standardization of the marketing mix

60) Once a "go" decision has been made in Phase 3 of the international planning process, what is most likely to occur next?
A) the objectives and goals phase
B) the budget phase
C) the action-program(s) phase
D) the implementation and control phase
E) the communication phase

61) Which subject is explored after developing information and selecting a country market in the international planning process?
A) company character
B) the constraints of home country
C) geography
D) host-country constraints
E) the mode of entry

62) What is the last step in the international planning process?
A) defining target markets and adapting the marketing mix accordingly
B) matching company and country needs
C) adapting the marketing mix according to market segments
D) implementation and control
E) developing the marketing plan

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63) Which mode of foreign market entry requires the most amount of equity and therefore creates the greatest risk?
A) exporting
B) joint venture
C) contractual agreement
D) strategic alliance
E) direct foreign investment

64) Which mode of foreign market entry offers the most control and the highest potential return for a company?
A) exporting
B) joint venture
C) contractual agreement
D) strategic alliance
E) direct foreign investment

65) Hippos is a manufacturer of consumer goods. It intends to sell its products in Taiwan as it is looking to enter into Asian markets. It does not want to make any equity investment and prefers to minimize any risk of loss in the foreign market. It is also willing to settle for a low rate of return and little control. Which of the foreign market-entry strategies is Hippos most likely to pursue?
A) direct foreign investment
B) joint venture
C) indirect exporting
D) strategic alliance
E) licensing

66) The foreign market entry mode of _____ requires no equity investment and thus has a low risk, low rate of return, and little control.
A) licensing
B) indirect exporting
C) a strategic alliance
D) a joint venture
E) franchising

67) Mirros, a U.S. kitchenware distributor, sells its inventory twice a year to All Cooks, a kitchenware retailer in the United States. All Cooks, in turn, sells those products through its retail stores in Vietnam and Thailand. In which of the following entry modes is Mirros most likely engaged?
A) franchising
B) indirect exporting
C) a consortium
D) direct foreign investment
E) a joint venture

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68) What market strategy usually means that the company sells to a buyer (importer or distributor) in the home country, which in turn exports the product?
A) franchising
B) indirect exporting
C) a consortium
D) direct foreign investment
E) a joint venture

69) Mirros, a U.S. kitchenware distributor, takes a selection of its inventory twice a year to Vietnam and sells it to a Vietnam-based kitchen retailer. The Vietnam company, in turn, sells those products through its retail stores in Vietnam and Thailand. In which of the alternative market-entry strategies is Mirros engaged?
A) franchising
B) licensing
C) direct exporting
D) a joint venture
E) direct foreign investment

70) A direct sales force may be required in a foreign country, especially for
A) big ticket industrial products.
B) low-technology products.
C) personal care products.
D) nonmechanical goods.
E) traditional hand-made goods.

71) In the context of foreign market entry, _____ are long-term, nonequity associations between a company and another in a foreign market.
A) consortia
B) exporting arrangements
C) direct foreign investments
D) contractual agreements
E) joint ventures

72) The advantages of _____ are most apparent when capital is scarce, import restrictions forbid other means of entry, a country is sensitive to foreign ownership, or patents and trademarks must be protected against cancellation for nonuse.
A) consortia
B) exporting arrangements
C) strategic alliances
D) licensing
E) joint ventures

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73) Cho wanted to sell her custom jewelry made in China to the U.S. market, but she didn't have a lot of capital to get started, nor did she know how to get around import restrictions. She decided to give an American company the rights to produce and sell her products for a fee and gave them patent rights. Cho was pursuing which entry method?
A) consortia
B) exporting arrangements
C) strategic alliances
D) licensing
E) joint ventures

74) Which form of business relationship lets a company grant patent rights, trademark rights, and the rights to use technological processes to another company in a foreign country?
A) licensing
B) exporting arrangements
C) joint ventures
D) consortia
E) strategic alliances

75) What is true of franchising?
A) It provides an effective blending of skill decentralization and operational centralization.
B) The franchisee provides market knowledge, capital, and personal involvement in management.
C) Foreign laws and regulations are usually hostile toward franchising.
D) It is an important form of horizontal market integration.
E) The franchiser has little control on marketing of the products at the point of final sale.

76) Kwan wants to open a new business in his own country, Singapore. He has decided on a form of licensing that will provide him with a standard package of products, systems, and management services in order to sell fast food to local residents. What is the form of business Kwan has chosen?
A) direct sales
B) indirect exporting
C) joint venture
D) strategic alliance
E) franchising

77) Why are foreign laws and regulations friendly toward franchising?
A) It is an important form of horizontal market integration.
B) It gives the franchiser little control on marketing of the products at the point of final sale.
C) It tends to foster local ownership, operations, and employment.
D) It provides an effective blending of skill decentralization and operational centralization.
E) It provides to the franchiser market knowledge, capital, and personal involvement in management.

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78) The key factors that influence success of franchising approaches are monitoring costs (based on physical and cultural distances), the principal's international experience, and
A) the principal's financial investment in the business.
B) the principal's marketing expertise.
C) the brand equity in the new market.
D) learning the competition.
E) the level of involvement from the company.

79) In the context of foreign market entry, a _____ is a business relationship established by two or more companies to cooperate out of mutual need and to share risk in achieving a common objective without forming a separate legal entity.
A) direct sales group
B) consortium arrangement
C) franchising arrangement
D) strategic international alliance
E) joint venture

80) What refers to two or more participating companies joining forces to create a separate legal entity to facilitate doing business in the international arena?
A) indirect exporting
B) franchise
C) license arrangement
D) joint venture
E) direct investment agreement

81) What is a partnership called in which several companies have joined forces to create a separate legal entity to facilitate doing business in a country where none of the participants is currently active?
A) a consortium
B) a franchise pact
C) a license arrangement
D) indirect exporting
E) direct foreign investment

82) A consortium differs from a joint venture in that a consortium
A) usually operates in a country in which the participants are already active.
B) typically involves a large number of participants.
C) restricts the right to hold an equity position by its major partners.
D) does not involve the creation of a separate legal entity.
E) is formed mainly for executing short-term projects.

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83) A small-scale apparel manufacturer in Florida collaborates with several other similar firms and they form a separate company in India. None of the participants in this collaboration has previously had active operations in the Indian market. The newly created firm manufactures apparel suited to the tastes and preferences of the Indian customers. Identify the type of foreign market-entry approach depicted in this scenario.
A) a franchising agreement
B) a consortium
C) a licensing agreement
D) direct exporting
E) indirect exporting

84) Companies that have the _____ organizational structure generally experience rapid growth and have broad, diverse product lines.
A) global product division
B) pyramid
C) hierarchical
D) geographical division
E) matrix organization

85) HealthStore Inc. provides a broad and diverse range of services for the healthcare industry. It also manufactures a variety of hospital equipment. It wants to experience rapid growth and intends to have an organizational structure to better face international competition. What organizational structure will suit HealthStore best?
A) a global product division structure
B) a geographical division structure
C) a matrix structure
D) a pyramid structure
E) a hierarchical structure

86) Which organizational structure is the most extensive of those commonly adopted by companies seeking to compete globally?
A) transnational structure
B) geographical division structure
C) region-specific structure
D) global product division structure
E) matrix structure

87) Describe three benefits of marketing to diverse customers with global marketing operations.

88) Compare and contrast corporate, strategic, and tactical planning.

89) Describe the four phases of the international planning process.

90) A company has a choice of four different modes of foreign market entry. Briefly describe each of these modes, and explain when each would be the best option.

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91) Describe the two basic contractual agreements that most companies follow in their attempt to enter a foreign market: licensing and franchising. Illustrate a situation in which each type of agreement would be appropriate. Students' answers will vary.

92) Briefly explain a strategic international alliance (SIA).

93) Explain the difference between joint ventures and consortia.

94) You have just been hired as a consultant by Physical Mobility to advise the company on how to enter the European market. You have decided that direct foreign investment would be the best mode for Physical Mobility to follow. Write a one-paragraph memo that outlines the benefits of direct foreign investment in this scenario.

95) Assume that you are a consultant for a telecom giant based in the United States that wishes to create a joint venture with a Chinese electronics company. The joint venture is expected to enter and compete in the eastern European market. Suggest an organizational structure that would be most suitable for this joint venture. Also, comment on why the structure might be a good one to use.

96) An infinite number of organizational patterns for the headquarters' activities of multinational firms exist, but most fit into one of three categories. Describe these categories and the advantages and disadvantages of each.

International Marketing, 18e **(Cateora)**
Chapter 12 Global Marketing Management: Planning and Organization

1) In the 1970s, the market segmentation argument in global marketing was framed as "global integration versus local responsiveness."

Answer: FALSE
Explanation: In the 1970s, the market segmentation argument was framed as "standardization versus adaptation." In the 1980s, it was "globalization versus localization," and in the 1990s, it was "global integration versus local responsiveness."
Difficulty: 1 Easy
Topic: The Role of the Marketing Mix in International Marketing
Learning Objective: 12-01 How global marketing management differs from international marketing management.
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2) The most successful companies in the global marketplace today focus on country as the primary segmentation variable.

Answer: FALSE

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Explanation: As global markets continue to homogenize and diversify simultaneously, the best companies will avoid the trap of focusing on country as the primary segmentation variable.
Difficulty: 1 Easy
Topic: The Role of the Marketing Mix in International Marketing
Learning Objective: 12-01 How global marketing management differs from international marketing management.
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3) From the marketing perspective, the ideal market segment size, if customer satisfaction is the goal, is one.

Answer: TRUE
Explanation: As the information explosion allows marketers to segment markets ever more finely, it is only the manufacturing and/or finance managers in companies who argue for standardization for the sake of economies of scale. From the marketing perspective, customization is always best. The ideal market segment size, if customer satisfaction is the goal, is one.
Difficulty: 1 Easy
Topic: The Role of the Marketing Mix in International Marketing
Learning Objective: 12-01 How global marketing management differs from international marketing management.
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4) Age and gender have been the most obvious international market segmentation variables, particularly for Americans.

Answer: FALSE
Explanation: Country has been the most obvious segmentation variable, particularly for Americans. But as better communication systems continue to dissolve national borders, other dimensions of global markets are growing in salience.
Difficulty: 1 Easy
Topic: The Role of the Marketing Mix in International Marketing
Learning Objective: 12-01 How global marketing management differs from international marketing management.
Bloom's: Remember
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5) Spreading the portfolio of markets served stabilizes revenues and operations for many global companies.

Answer: TRUE
Explanation: Spreading the portfolio of markets served brings important stability of revenues and operations to many global companies.
Difficulty: 1 Easy
Topic: The Role of the Marketing Mix in International Marketing
Learning Objective: 12-01 How global marketing management differs from international marketing management.
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6) Tactical planning is essentially long term, incorporating generalized goals for an enterprise as a whole.

Answer: FALSE
Explanation: International corporate planning is essentially long term, incorporating generalized goals for an enterprise as a whole. Tactical planning, or market planning, pertains to specific actions and to the allocation of resources used to implement strategic planning goals in specific markets.
Difficulty: 1 Easy
Topic: The Global Strategic Planning Process
Learning Objective: 12-01 How global marketing management differs from international marketing management.
Bloom's: Remember
AACSB: Analytical Thinking
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7) Strategic planning deals with products, capital, research, and the long- and short-term goals of a company, and is conducted at the highest levels of management.

Answer: TRUE
Explanation: Strategic planning is conducted at the highest levels of management and deals with products, capital, research, and the long- and short-term goals of a company.
Difficulty: 1 Easy
Topic: The Global Strategic Planning Process
Learning Objective: 12-01 How global marketing management differs from international marketing management.
Bloom's: Remember
AACSB: Analytical Thinking
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8) In the context of planning for global markets, the planning process is a primary medium of organizational learning.

Answer: TRUE
Explanation: The planning process is a primary medium of organizational learning.
Difficulty: 1 Easy
Topic: The Global Strategic Planning Process
Learning Objective: 12-01 How global marketing management differs from international marketing management.
Bloom's: Remember
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9) The first step in the international planning process is to adapt the marketing mix to target markets.

Answer: FALSE
Explanation: A critical first step in the international planning process is deciding in which existing country market to make a market investment. The results of Phase 1 provide the marketer with the basic information necessary to do a variety of things including determining which part of the marketing mix can be standardized and which part of and how the marketing mix must be adapted to meet local market needs.
Difficulty: 1 Easy
Topic: The Global Strategic Planning Process
Learning Objective: 12-02 The need for planning to achieve company goals.
Bloom's: Remember
AACSB: Analytical Thinking
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10) Incorrect decisions taken in Phase 2 of the international planning process lead to products inappropriate for the intended market or costly mistakes in pricing, advertising, and promotion.

Answer: TRUE
Explanation: A more detailed examination of the components of the marketing mix is the purpose of Phase 2 of the international planning process. Incorrect decisions at this point lead to products inappropriate for the intended market or costly mistakes in pricing, advertising, and promotion.
Difficulty: 1 Easy
Topic: The Global Strategic Planning Process
Learning Objective: 12-02 The need for planning to achieve company goals.
Bloom's: Remember
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

11) In Phase 2 of the international planning process, the results of an analysis frequently indicate that the marketing mix would require such drastic adaptation that a decision not to enter a particular market is made.

Answer: TRUE
Explanation: Frequently, the results of the analysis in Phase 2 of the international planning process indicate that the marketing mix will require such drastic adaptation that a decision not to enter a particular market is made.
Difficulty: 1 Easy
Topic: The Global Strategic Planning Process
Learning Objective: 12-02 The need for planning to achieve company goals.
Bloom's: Remember
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12) Phase 3 of the international planning process involves developing a marketing plan and deciding budgets and profit expectations.

Answer: TRUE
Explanation: In phase 3 of the international planning process, a marketing plan is developed for the target market—whether it is a single country or a global market set. The specific plan establishes what is to be done, by whom, how it is to be done, and when. Included are budgets and sales and profit expectations.
Difficulty: 1 Easy
Topic: The Global Strategic Planning Process
Learning Objective: 12-02 The need for planning to achieve company goals.
Bloom's: Remember
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13) An international marketing plan begins with a situation analysis and culminates in the selection of an entry mode and a specific action program for a market.

Answer: TRUE
Explanation: In the context of the international planning process, the marketing plan begins with a situation analysis and culminates in the selection of an entry mode and a specific action program for a market.
Difficulty: 1 Easy
Topic: The Global Strategic Planning Process
Learning Objective: 12-02 The need for planning to achieve company goals.
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14) The amount of equity required by a company to use different modes of entry in a new market affects the risk, return, and control that it will have in each mode.

Answer: TRUE
Explanation: The amount of equity required by a company to use different modes of entry in a new market affects the risk, return, and control that it will have in each mode.
Difficulty: 1 Easy
Topic: Factors Influencing Entry Modes
Learning Objective: 12-02 The need for planning to achieve company goals.
Bloom's: Remember
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15) With indirect exporting, a company sells to a customer in another country without the use of any intermediaries or distributors.

Answer: FALSE
Explanation: Indirect exporting usually means that a company sells to a buyer (importer or distributor) in the home country, which in turn exports the product.
Difficulty: 1 Easy
Topic: Factors Influencing Entry Modes
Learning Objective: 12-03 The important factors for each alternative market-entry strategy.
Bloom's: Remember
AACSB: Analytical Thinking
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16) A Belgium company sells its products to a large retailer in Belgium, who in turn sells the products all over Europe and Asia. This is an example of indirect exporting.

Answer: TRUE
Explanation: This is an example of indirect exporting, which usually means that the company sells to a buyer (importer or distributor) in the home country, which in turn exports the product.
Difficulty: 2 Medium
Topic: Factors Influencing Entry Modes
Learning Objective: 12-03 The important factors for each alternative market-entry strategy.
Bloom's: Apply
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17) Exporting is a common market-entry approach for mature international companies with strong marketing and relational capabilities.

Answer: TRUE
Explanation: Exporting is a common market-entry approach for mature international companies with strong marketing and relational capabilities.
Difficulty: 1 Easy
Topic: Factors Influencing Entry Modes
Learning Objective: 12-03 The important factors for each alternative market-entry strategy.
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18) Patent rights, trademark rights, and the rights to use technological processes are granted in foreign licensing.

Answer: TRUE
Explanation: Patent rights, trademark rights, and the rights to use technological processes are granted in foreign licensing.
Difficulty: 1 Easy
Topic: Factors Influencing Entry Modes
Learning Objective: 12-03 The important factors for each alternative market-entry strategy.
Bloom's: Remember
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19) In the context of foreign market entry, licensing is least suitable when capital is scarce.

Answer: FALSE
Explanation: The advantages of licensing are most apparent when capital is scarce, import restrictions forbid other means of entry, a country is sensitive to foreign ownership, or patents and trademarks must be protected against cancellation for nonuse.
Difficulty: 1 Easy
Topic: Factors Influencing Entry Modes
Learning Objective: 12-03 The important factors for each alternative market-entry strategy.
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20) With franchising, a franchiser provides a standard package of products, systems, and management services, and a franchisee provides market knowledge, capital, and personal involvement in management.

Answer: TRUE
Explanation: Franchising is a rapidly growing form of licensing in which a franchiser provides a standard package of products, systems, and management services, and a franchisee provides market knowledge, capital, and personal involvement in management.
Difficulty: 1 Easy
Topic: Factors Influencing Entry Modes
Learning Objective: 12-03 The important factors for each alternative market-entry strategy.
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21) A strategic international alliance involves a business relationship established by two or more companies that cooperate out of mutual need and share risk in achieving a common objective.

Answer: TRUE
Explanation: A strategic international alliance (SIA) is a business relationship established by two or more companies to cooperate out of mutual need and to share risk in achieving a common objective.
Difficulty: 1 Easy
Topic: Advantages and Disadvantages of Strategic Alliances, Collaborative Arrangements and Acquisitions
Learning Objective: 12-04 The increasing importance of international strategic alliances.
Bloom's: Remember
AACSB: Analytical Thinking
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22) Joint ventures are similar in structure and organization to minority holdings by a multinational company in a local firm.

Answer: FALSE
Explanation: A joint venture is different from other types of strategic alliances or collaborative relationships in that a joint venture is a partnership of two or more participating companies that have joined forces to create a separate legal entity. Joint ventures are different from minority holdings by an MNC in a local firm.
Difficulty: 1 Easy
Topic: Factors Influencing Entry Modes
Learning Objective: 12-04 The increasing importance of international strategic alliances.
Bloom's: Remember
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

23) The first step in building strategic international alliances is called dating.

Answer: TRUE
Explanation: The first step in building strategic international alliances (SIA) is called dating. A SIA is a business relationship established by two or more companies to cooperate out of mutual need and to share risk in achieving a common objective.
Difficulty: 1 Easy
Topic: Advantages and Disadvantages of Strategic Alliances, Collaborative Arrangements and Acquisitions
Learning Objective: 12-04 The increasing importance of international strategic alliances.
Bloom's: Remember
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24) An American company has just entered into an agreement with a German firm to create a separate legal entity. This new firm will be allowed to conduct business and actively compete in various European Union markets. This is a joint venture.

Answer: TRUE
Explanation: In this case, the creation of a separate legal entity by the American company and the German firm is an example of a joint venture. A joint venture is a partnership of two or more participating companies that have joined forces to create a separate legal entity.
Difficulty: 2 Medium
Topic: Factors Influencing Entry Modes
Learning Objective: 12-04 The increasing importance of international strategic alliances.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

25) When U.S. companies face unfamiliar legal and cultural barriers in another country, it is preferable to buy an existing business than to enter into a joint venture.

Answer: FALSE
Explanation: International joint ventures provide a way to enter markets that pose legal and cultural barriers that is less risky than acquisition of an existing company.
Difficulty: 1 Easy
Topic: Factors Influencing Entry Modes
Learning Objective: 12-04 The increasing importance of international strategic alliances.
Bloom's: Remember
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

26) Six high-technology companies joined forces to produce and market their products in Japan. By joining together, these companies were able to enter the Japanese market for the first time. This is an example of a consortium.

Answer: TRUE
Explanation: In this case, the arrangement by the high-technology companies to produce and market their products together in the Japanese market is an example of a consortium.
Difficulty: 2 Medium
Topic: Factors Influencing Entry Modes
Learning Objective: 12-04 The increasing importance of international strategic alliances.
Bloom's: Apply
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27) An Australian television manufacturer recently invested in a plant to build tuners in Mexico. This form of international business is aptly named international licensing.

Answer: FALSE
Explanation: In this case, the Australian television manufacturer is engaged in direct foreign investment.
Difficulty: 2 Medium
Topic: Factors Influencing Entry Modes
Learning Objective: 12-04 The increasing importance of international strategic alliances.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

28) Free trade areas that are tariff-free among members but have a common tariff for nonmembers create an opportunity that can be capitalized on by direct investment.

Answer: TRUE
Explanation: The growth of free trade areas that are tariff-free among members but have a common tariff for nonmembers creates an opportunity that can be capitalized on by direct investment.
Difficulty: 1 Easy
Topic: Factors Influencing Entry Modes
Learning Objective: 12-04 The increasing importance of international strategic alliances.
Bloom's: Remember
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

29) An advantage of a matrix organizational structure in international business is that it permits management to respond to the conflicts that arise among functional activity, product, and geography.

Answer: TRUE
Explanation: A matrix structure permits management to respond to the conflicts that arise among functional activity, product, and geography.
Difficulty: 1 Easy
Topic: Overview of Organizational Structure and Design
Learning Objective: 12-04 The increasing importance of international strategic alliances.
Bloom's: Remember
AACSB: Analytical Thinking
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30) If a product is culturally sensitive, then decisions related to the product are more likely to be centralized.

Answer: FALSE
Explanation: If a product is culturally sensitive, the decisions are more likely to be decentralized.
Difficulty: 1 Easy
Topic: Overview of Organizational Structure and Design
Learning Objective: 12-04 The increasing importance of international strategic alliances.
Bloom's: Remember
AACSB: Diversity
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31) Dell Corporation is a good example of mass customization because it
A) maintains a large inventory of products.
B) builds computers to order.
C) markets to countries all over the word.
D) provides one-to-one customer service support.
E) uses local companies to build its computers.

Answer: B
Explanation: A good example of "mass customization" is Dell Computer Corporation, which maintains no inventory and builds each computer to order. The trend back toward localization is caused by the efficiencies of customization made possible by the Internet and increasingly flexible manufacturing processes.
Difficulty: 1 Easy
Topic: Requirements of a Globally Dispersed Production System
Learning Objective: 12-01 How global marketing management differs from international marketing management.
Bloom's: Understand
AACSB: Analytical Thinking
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32) With respect to global marketing management, the argument for market segmentation in the 1980s was framed as
A) globalization versus localization.
B) standardization versus adaptation.
C) adaptation versus one-to-one marketing.
D) globalization versus one-to-one marketing.
E) standardization versus localization.

Answer: A
Explanation: In the 1970s, the market segmentation argument was framed as "standardization versus adaptation." In the 1980s, it was "globalization versus localization," and in the 1990s, it was "global integration versus local responsiveness."
Difficulty: 1 Easy
Topic: The Role of the Marketing Mix in International Marketing
Learning Objective: 12-01 How global marketing management differs from international marketing management.
Bloom's: Remember
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

33) Company M was weighing whether it could be competitive if it standardized its products for the global market. It should consider three criteria: ease of control, flexibility, and
A) global regularity.
B) degree of adaptation.
C) marketing capabilities.
D) diversity.
E) communication capabilities.

Answer: A
Explanation: Three criteria drive the decision of whether or not to standardize: tractability (ease of control), flexibility, and global "regularity," or uniform demand in widely dispersed markets.
Difficulty: 1 Easy
Topic: The Role of the Marketing Mix in International Marketing
Learning Objective: 12-01 How global marketing management differs from international marketing management.
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