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Chapter 2

Assessing the Global Marketing Environment - The Global Economy and
Technology

True / False Questions

1. Doing business in foreign markets usually entails the same level of risk as doing business locally.

True False

Multiple Choice Questions

2. Which of these factors is not a part of the global marketing environment as defined by the PESTEL model?

- A. ethical
- B. political/legal
- C. social
- D. economic

3. Sergei is analyzing the number of consumers in Belgium who are college-educated, and their geographic dispersion across the country. Upon which PESTEL factor is he focusing?

- A. educational
- B. social
- C. political
- D. environmental

True / False Questions

4. Chinese restrictions on the exchange of the Yuan and Renminbi would be classified under the legal category of PESTEL.

True False

Multiple Choice Questions

5. When Tamisha researches the application of CE standards in German automobile manufacturing, she is most concerned with the _____ element of the PESTEL model.

- A. social
- B. environment
- C. legal
- D. population

6. The social and economic institutions that a nation relies on to develop and market new technology comprise the _____.

- A. global infrastructure
- B. technological infrastructure
- C. liberalization framework
- D. global institutional framework

True / False Questions

7. China is the world's largest exporter of merchandise when valued in US dollars.

True False

Multiple Choice Questions

8. Most global trade is _____.
- A. limited to countries with preferential trade agreements
 - B. conducted on a worldwide basis
 - C. limited to trade association members
 - D. conducted regionally
9. The strengthening or weakening of a currency, an increase or decrease in world economic strength, and changes in demand for imports and exports are contributing factors to _____.
- A. lesser stability in a country's balance of trade
 - B. changes in the factors of the PESTEL model
 - C. changes in a country's balance of trade
 - D. greater stability in a country's balance of trade

True / False Questions

10. An increase in imports that results in a widened trade deficit must be considered unfavorable in a prosperous economy.

True False

Multiple Choice Questions

11. When trade deficits generate a decrease in aggregate income,

_____.

- A. factors such as consumption, savings, investment, and tax revenue are negatively impacted
- B. the country's currency is strengthened
- C. factors such as consumption, savings, investment, and tax revenue are positively impacted
- D. a net inflow of monetary payments is experienced

True / False Questions

12. Bio-Med Devices is one example of a large, multinational company that exports a large majority of its total production output.

True False

Multiple Choice Questions

13. The growth of biotechnology has resulted in an increased need for research and development facilities, most of which are to be located in _____.

- A. the European Union
- B. Israel
- C. the United States
- D. China and India

14. The largest global share of high-tech product imports belongs to _____.

- A. the European Union
- B. the United States
- C. China
- D. the BRIC nations

15. Of Malta, Ireland, Japan or the U.S., the country with the heaviest concentration of high tech exports in comparison to total exports is _____.

- A. Malta
- B. Ireland
- C. Japan
- D. the United States

True / False Questions

16. Developing nations often evolve into high-tech electronics exporters by virtue of component part assembly by low-wage workers.

True False

Multiple Choice Questions

17. A highly dynamic, complex market with rapid maturity tends to characterize a(n)

_____.

- A. high-tech market
- B. global market
- C. local market
- D. business-to-business market

18. Demand for high-tech products is

_____.

- A. generally determined by supply rather than demand
- B. easily visualized by the consumer
- C. usually determined by extensive consumer research
- D. consumer, rather than production-oriented

19. Hi-tech marketers rely on a _____ focus.

- A. demand
- B. market research
- C. consumer
- D. product

20. Rosen, Schroeder, and Puriton suggest that one means of reducing high-tech product introduction failures is to_____.

- A. accelerate introduction by eliminating time-consuming consumer research
- B. exploit a large, undifferentiated market
- C. exploit innovators and early adopters
- D. take maximum advantage of a 'first-mover' position

21. Surveys conducted by Burgel and Murray indicate that a critical contributor to the high rate of start-up failures in the high-tech sector is_____.

- A. delays in commercialization
- B. the rush to commercialization
- C. entry modes characterized by high levels of resource commitment
- D. entry modes characterized by a focus on production

22. The fact that high-tech manufacturing often relies on the input and assembly activities of several countries indicates that_____.

- A. global supply chains will involve a limited number of partners
- B. global supply chain control is an uncomplicated process
- C. global supply chain performance is critical to success
- D. global supply chain performance is only secondary to successful high-tech manufacturing

True / False Questions

23. The rapid rate of high-tech product innovation and the dynamics of technology flows result in long-lived comparative advantage.

True False

Multiple Choice Questions

24. The primary focus of technology-driven innovations in the financial services sector is to _____.

- A. appeal to high net-worth individuals
- B. enhance customer experience
- C. enhancing the employee experience
- D. reduce IT investment by financial services firms

25. According to the Foreign Policy/A.T.Kearny Globalization Index, the world's most globalized country is_____.

- A. China
- B. Great Britain
- C. the United States
- D. Singapore

True / False Questions

26. The trade activities of the world's transnational corporations occur with other small, single-market firms.

True False

27. The majority of transnational corporation headquarters are concentrated in developing countries.

True False

28. According to United Nations estimates, nearly one-third of Japan's population, one-fourth of the population in the European Union and one-fifth in the United States will be aged over 60 years by 2015.

True False

Multiple Choice Questions

29. Western European countries, as well as the United States, must turn to _____ to mitigate the negative effects of an aging population on economic growth and consumption.

- A. immigration
- B. green marketing
- C. the European Union
- D. the PESTEL model

30. In the next decade, consumer purchasing power in _____ alone will increase to \$9 trillion.

- A. developed economies
- B. the emerging economies
- C. high-tech economies
- D. industrialized nations

31. Optimizing the synergy among social, environmental, and financial values is the philosophy of the _____.

- A. triple bottom line
- B. financial stability
- C. the PESTEL model
- D. globalization

32. A global aggregate of individual communities meeting the needs of its citizens through responsible local production and exchange of goods and services defines _____.

- A. the European Union
- B. NAFTA
- C. the green economy
- D. globalization

33. Products, services, and processes that use renewable materials and conserve natural resources are referred to as _____.

- A. green-tech
- B. clean-tech
- C. eco-tech
- D. aqua-tech

34. The growth of the green market in the U.S. has created _____.

- A. a niche market for environmental goods and services
- B. green goods and services which account for the lion's share of the total private business economy
- C. an increase in the sale of lumber and forest products
- D. a world market forecast to reach \$688 billion in 2050

35. Which of these target market profiles would be most likely to have the highest level of green purchase intention?

- A. A 20-year-old female with a post-graduate education.
- B. A 40-year-old male with a high income.
- C. A 50-year-old male college professor.
- D. A 60-year-old female.

Chapter 2 Assessing the Global Marketing Environment - The Global Economy and Technology **Answer Key**

True / False Questions

1. Doing business in foreign markets usually entails the same level of risk as doing business locally.

FALSE

Doing business in foreign markets actually entails significantly greater risk than when confining business activities to domestic markets.

Multiple Choice Questions

2. Which of these factors is not a part of the global marketing environment as defined by the PESTEL model?

- A. ethical
- B. political/legal
- C. social
- D. economic

Correct!

3. Sergei is analyzing the number of consumers in Belgium who are college-educated, and their geographic dispersion across the country. Upon which PESTEL factor is he focusing?

- A. educational
- B. social
- C. political
- D. environmental

Education is within the subset of social factors in the PESTEL model.

True / False Questions

4. Chinese restrictions on the exchange of the Yuan and Renminbi would be classified under the legal category of PESTEL.

FALSE

While these restrictions are in a sense legal restrictions, they fall under the PESTEL category of government intervention in the economy, hence, are part of the economic element of the model.

Multiple Choice Questions

5. When Tamisha researches the application of CE standards in German automobile manufacturing, she is most concerned with the _____ element of the PESTEL model.

- A. social
- B. environment
- C. legal
- D. population

The social element of the PESTEL model primarily involves demographic and cultural factors.

6. The social and economic institutions that a nation relies on to develop and market new technology comprise the _____.

- A. global infrastructure
- B. technological infrastructure
- C. liberalization framework
- D. global institutional framework

See footnote 1 in this chapter for further details.

True / False Questions

7. China is the world's largest exporter of merchandise when valued in US dollars.

FALSE

Multiple Choice Questions

8. Most global trade is _____.

- A. limited to countries with preferential trade agreements
- B. conducted on a worldwide basis
- C. limited to trade association members
- D. conducted regionally

Most global trade is regional, although trade agreements may contribute to this fact.

9. The strengthening or weakening of a currency, an increase or decrease in world economic strength, and changes in demand for imports and exports are contributing factors to _____.

- A. lesser stability in a country's balance of trade
- B. changes in the factors of the PESTEL model
- C. changes in a country's balance of trade
- D. greater stability in a country's balance of trade

While these events could contribute to less stability in a country's balance of trade, there is know way of determining that they would conclusively without further information.

True / False Questions

10. An increase in imports that results in a widened trade deficit must be considered unfavorable in a prosperous economy.

FALSE

If an increase in imports creates a trade deficit, but is the result of a prosperous economy and increased ability to purchase both imported and domestic goods, the trade deficit should not be labelled "unfavorable".

Multiple Choice Questions

11. When trade deficits generate a decrease in aggregate income,

_____.

- A. factors such as consumption, savings, investment, and tax revenue are negatively impacted
- B. the country's currency is strengthened
- C. factors such as consumption, savings, investment, and tax revenue are positively impacted
- D. a net inflow of monetary payments is experienced

Correct!

True / False Questions

12. Bio-Med Devices is one example of a large, multinational company that exports a large majority of its total production output.

FALSE

See Box 2-1 Company in Focus. Although Bio-Med has become a large exporter of goods, its exports represent 40% of total output, hence, not a majority.

Multiple Choice Questions

13. The growth of biotechnology has resulted in an increased need for research and development facilities, most of which are to be located in _____.

- A. the European Union
- B. Israel
- C. the United States
- D. China and India

China and India actually lead the way in research and development facilities for the biotech industry.

14. The largest global share of high-tech product imports belongs to _____.

- A. the European Union
- B. the United States
- C. China
- D. the BRIC nations

The European Union is the second-largest importer of high-tech products.

15. Of Malta, Ireland, Japan or the U.S., the country with the heaviest concentration of high tech exports in comparison to total exports is_____.

A. Malta

B. Ireland

C. Japan

D. the United States

Correct!

True / False Questions

16. Developing nations often evolve into high-tech electronics exporters by virtue of component part assembly by low-wage workers.

TRUE

Correct!

Multiple Choice Questions

17. A highly dynamic, complex market with rapid maturity tends to characterize a(n)
_____.

- A. high-tech market
- B. global market
- C. local market
- D. business-to-business market

Correct!

18. Demand for high-tech products is
_____.

- A. generally determined by supply rather than demand
- B. easily visualized by the consumer
- C. usually determined by extensive consumer research
- D. consumer, rather than production-oriented

Correct!

19. Hi-tech marketers rely on a _____ focus.

- A. demand
- B. market research
- C. consumer
- D. product

High tech marketers rely on a product focus, which is driven by technology rather than customer needs.

20. Rosen, Schroeder, and Puriton suggest that one means of reducing high-tech product introduction failures is to _____.

- A. accelerate introduction by eliminating time-consuming consumer research
- B. exploit a large, undifferentiated market
- C. exploit innovators and early adopters
- D. take maximum advantage of a 'first-mover' position

Because these markets are very competitive, manufacturers rush to market, sometimes without proper consumer research. The value of research must be considered carefully before eliminating it.

21. Surveys conducted by Burgel and Murray indicate that a critical contributor to the high rate of start-up failures in the high-tech sector is

_____.

- A. delays in commercialization
- B. the rush to commercialization
- C. entry modes characterized by high levels of resource commitment
- D. entry modes characterized by a focus on production

Rushing to commercialize a high-tech product can often lead to failure.

22. The fact that high-tech manufacturing often relies on the input and assembly activities of several countries indicates that _____.

- A. global supply chains will involve a limited number of partners
- B. global supply chain control is an uncomplicated process
- C. global supply chain performance is critical to success
- D. global supply chain performance is only secondary to successful high-tech manufacturing

Global supply chains often involve many channel partners located in many different countries.

True / False Questions

23. The rapid rate of high-tech product innovation and the dynamics of technology flows result in long-lived comparative advantage.

FALSE

The rapid rate of innovation and the dynamics of technology flows mean that comparative advantage is short-lived.

Multiple Choice Questions

24. The primary focus of technology-driven innovations in the financial services sector is to_____.

- A. appeal to high net-worth individuals
- B. enhance customer experience
- C. enhancing the employee experience
- D. reduce IT investment by financial services firms

The financial services sector is primarily concerned with enhancing the total customer experience.

25. According to the Foreign Policy/A.T.Kearny Globalization Index, the world's most globalized country is_____.

- A. China
- B. Great Britain
- C. the United States
- D. Singapore

Based on factors such as economic integration personal contact, technological connectivity, and political engagement, Singapore was the most globalized country in 2006, followed by Switzerland and the United States.

True / False Questions

26. The trade activities of the world's transnational corporations occur with other small, single-market firms.

FALSE

One third of all international trade occurs in intra-TNC transactions.

27. The majority of transnational corporation headquarters are concentrated in developing countries.

FALSE

While global in reach, nearly all these corporations' headquarters are concentrated in industrialized countries.

28. According to United Nations estimates, nearly one-third of Japan's population, one-fourth of the population in the European Union and one-fifth in the United States will be aged over 60 years by 2015.

TRUE

Correct!

Multiple Choice Questions

29. Western European countries, as well as the United States, must turn to _____ to mitigate the negative effects of an aging population on economic growth and consumption.

- A. immigration
- B. green marketing
- C. the European Union
- D. the PESTEL model

Correct!

30. In the next decade, consumer purchasing power in _____ alone will increase to \$9 trillion.

- A. developed economies
- B. the emerging economies
- C. high-tech economies
- D. industrialized nations

Consumer purchasing power in emerging economies alone will increase to \$9 trillion, nearly the spending power in Western Europe in 2006.

31. Optimizing the synergy among social, environmental, and financial values is the philosophy of the _____.

- A. triple bottom line
- B. financial stability
- C. the PESTEL model
- D. globalization

Correct!

32. A global aggregate of individual communities meeting the needs of its citizens through responsible local production and exchange of goods and services defines _____.

- A. the European Union
- B. NAFTA
- C. the green economy
- D. globalization

While many EU nations support the idea of local production and goods exchange, this is not necessarily an objective common to all EU nations.

33. Products, services, and processes that use renewable materials and conserve natural resources are referred to as _____.

A. green-tech

B. clean-tech

C. eco-tech

D. aqua-tech

While these types of products and processes may be marketed as 'green,' the correct terminology is 'clean-tech.'

34. The growth of the green market in the U.S. has created _____.

A. a niche market for environmental goods and services

B. green goods and services which account for the lion's share of the total private business economy

C. an increase in the sale of lumber and forest products

D. a world market forecast to reach \$688 million in 2050

Correct!

35. Which of these target market profiles would be most likely to have the highest level of green purchase intention?

A. A 20-year-old female with a post-graduate education.

B. A 40-year-old male with a high income.

C. A 50-year-old male college professor.

D. A 60- year-old female.

Correct!