Testbank

**to accompany**

International Marketing 4th Edition

by

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**Chapter 1:**

**Introduction to international marketing**

**Multiple Choice Questions**

1. Social media include these following, except \_\_\_\_\_\_.

a. Facebook

b. LinkedIn

c. Twitter

\*d. eBay

General Feedback:

Scene Setter Page 4

2. Online marketplaces include these following, except \_\_\_\_\_\_.

a. eBay

b. Amazon

c. Apple's iTunes

\*d. Google

General Feedback:

Scene Setter Page 4

3. \_\_\_\_\_\_\_ and \_\_\_\_\_\_\_ in today's globalised marketplace require the inclusion of online marketing strategies when connecting with worldwide consumers.

a. Social media, Facebook

\*b. Social media, online marketplace

c. eBay, online marketplace

d. eBay, Facebook

General Feedback:

Scene Setter Page 4

4. The power of \_\_\_\_\_\_\_ as a tool for marketing products and services has been utilised by forward-thinking companies who understand that \_\_\_\_\_\_\_ of purchase decisions are based personal recommendations from people the purchasers know.

\*a. Social networking, 80 per cent

b. Social media, 50 per cent

c. Online, 70 per cent

d. Social networking, 50 per cent

General Feedback:

Scene Setter Page 4

5. The following are Chinese wholesalers, except \_\_\_\_\_\_\_.

a. DHgate.com

b. Chinavasion

c. Made-in-China

\*d. ChineseAmazon.com

General Feedback:

Scene Setter Page 4

6. Which one of the following is false?

a. Businesses in today's globalised marketplace require the inclusion of online marketing strategies when connecting with worldwide consumers.

\*b. In China, companies like chinawholesaleonline.org and Made-in-China.com have emerged to connect Chinese retailers with the rest of the global marketplace.

c. The power of social networking as a tool for marketing products and services has been utilised by forward-thinking companies who understand that 80 per cent of purchase decisions are based personal recommendations from people the purchasers know.

d. In the online environment of social networking, 80 per cent of consumer recommendations made comprise of people who may or may not have met face-to-face with the shopper but who offer positive or negative referrals on social media sites.

General Feedback:

Scene Setter Page 4

7. Which one of the following is false?

a. One of the challenges for businesses is that, within the online social networking environment, a single recommendation now has a far greater potential impact than any engagement achieved through traditional marketing strategies.

b. The effective harnessing of the marketing power of social media tools has become a necessary strategy for international businesses.

c. As organisations, large or small, engage with the global community, their employees are expected to virtually cross time zones and demonstrate increase work arrangement flexibility in order to manage international connections and services.

\*d. None of the above.

General Feedback:

Scene Setter Page 4

8. Which one of the following is false?

a. Online businesses have moved away from the traditional use of ddor-to-door salespeople and retail department stores and into the highly competitive global market where the top 20 per cent of products no longer account for 80 per cent of consumer purchases.

b. In the online environment, a much wider selection of products and services is available for purchase anywhere across the world and at any time.

c. In the Asia-Pacific region, the Chinese online market space offers businesses and consumers access to products that may have been previously only available through in-country visits and trade shows.

\*d. None of the above.

General Feedback:

Scene Setter Page 4

9. Which one of the following is false?

a. As social media and new marketplaces pervade the global community and influence the traditional flow of finance from one country to another, both brick-and-mortar and internet businesses must rethink their marketing strategies and business models to move from local to global, and stock-on-shelf to just-in-time respectively.

b. Businesses can no longer be complacent in the face of the online revolution.

c. The impact of social media demands quality of product and service as well as the need for building and maintaining positive relationships between businesses and their clients on a global scale.

\*d. None of the above.

General Feedback:

Scene Setter Page 5

10. The \_\_\_\_\_\_\_ forms the critical background for international marketing planning and strategy development.

a. economy

\*b. environment

c. market

d. organisation

General Feedback:

Overview Page 5

11. Which one of the following is false?

a. Corporate success and failure, to a large extent, is determined by the anticipation of and preparation for the future.

b. The terms 'international marketing' and 'global marketing' epitomise both the competitive pressures and expanding market opportunities all over the world.

c. In developing the marketing strategy for an organisation, therefore, any marketing manager needs to understand the nature of, and the change within, the international environment in order to devise a strategy that satisfies consumer needs and achieves corporate success.

\*d. None of the above.

General Feedback:

Overview Page 5

12. Australian food and beverage organisations wishing to market to Muslims in Australia, for example, compete with imports from other nations and regions selling halal food, such as \_\_\_\_\_.

a. Indonesia

b. Malaysia

c. The Middle East

\*d. None of above

General Feedback:

Overview Page 5

13. Which one of the following is false?

a. Corporate success and failure, to a large extent, is determined by the anticipation of and preparation for the future.

\*b. There is much difference between domestic and international marketing in terms of the general processes of strategy development and implementation.

c. In developing the marketing strategy for an organisation, therefore, any marketing manager needs to understand the nature of, and the change within, the international environment in order to devise a strategy that satisfies consumer needs and achieves corporate success.

d. The terms 'international marketing' and 'global marketing' epitomise both the competitive pressures and expanding market opportunities all over the world.

General Feedback:

Overview Page 5

14. Within an international context, the complexity of the problem is much \_\_\_\_\_; marketing also always involves \_\_\_\_\_\_\_ cultures, languages, law and resources.

\*a. greater, different

b. less, different

c. greater, similar

d. less, similar

General Feedback:

Overview Page 5

15. The international marketing manager must, therefore, posses a degree of\_\_\_\_\_\_\_, as well as knowledge of more specific between-nation differences.

a. nation understanding

b. law and resources

\*c. cross-cultural empathy and language skills

d. market understanding

General Feedback:

Overview Page 5

16. The emergence of competitive European, Japanese, South Korean, Indian and Chinese organisations since the 1970s has given the notion of global competition a touch of extra urgency and significance that can be seen every day in the media. This urgency and significance has arisen from the \_\_\_\_\_\_\_ and \_\_\_\_\_\_\_developments that have brought the world much closer to true global competition.

a. technological, economic

\*b. technological, social

c. economic, political

d. political, social

General Feedback:

Overview Page 6

17. The recent and, perhaps, most devastating illustration of the extent of global interdependence may be seen in the causes and consequences of the challenges faced in 2011 by the \_\_\_\_\_\_\_ that threatens to tip the world into a recession.

a. Asian economic crisis

b. US economic crisis

c. Global financial crisis

\*d. European Financial crisis

General Feedback:

Overview Page 6

18. Since deregulation and the entry of foreign banks into the Australian market, for example, domestic banks have felt strong strategic pressures from global players such as \_\_\_\_\_\_\_.

a. National Australian Bank

b. Commonwealth Bank

c. Australian and New Zealand Bank

\*d. Citibank

General Feedback:

Overview Page 6

19. Which one of the following is false?

a. The global financial crisis increased this strategic pressure due to the fact that, despite government guarantees and record profits, banks are feeling the wrath of the consumers.

b. As globalisation increases, these types of pressures - and challenges - will continue to spread across industries and affect international marketers and their marketing strategies.

c. Marketing goods and services around the world - transcending national and political boundaries - is a fascinating phenomenon.

\*d. None of above.

General Feedback:

Overview Page 6

20. The emergence of newly industrialised countries (NICs) are South Korea, Taiwan and \_\_\_\_\_\_\_.

\*a. the Philippines

b. Thailand

c. China

d. Japan

General Feedback:

The Asian century Page 6

21. Most important materialisation of the economic power are \_\_\_\_\_\_\_ and \_\_\_\_\_\_\_.

a. India, Japan

\*b. India, China

c. Malaysia, Indonesia

d. None of above

General Feedback:

The Asian century Page 6

22. In 2008 the nations of the Economic and Social Commission for Asia and the Pacific (ESCAP) showed a real \_\_\_\_\_\_\_ decline from 3.1 per cent compared with 0.5 per cent in 2009.

a. Economy

b. Gross national product (GNP)

\*c. Gross domestic product (GDP)

d. Revenue

General Feedback:

The Asian century Page 6

23. In 2007, \_\_\_\_\_\_\_, which contributed 62 per cent of the region's GDP and 44 per cent of imports, were the powerhouses in the region with strong projected GDP growth.

a. China

b. India

c. Japan

\*d. all of above

General Feedback:

The Asian century Page 7

24. Asia-Pacific as a region sustained positive growth rates with \_\_\_\_\_\_\_ income countries exhibiting and average growth rate of 5.7 per cent and 7.6 per cent, respectively.

a. low and high

\*b. low and lower

c. low and medium

d. medium and high

General Feedback:

The Asian century Page 7

25. According to the World Trade Organization (WTO) estimates, in 2011 over 4.2 billion people lived in the \_\_\_\_\_\_\_ region, representing over 61 per cent of the world's population.

a. European

b. Asian

c. South Asian

\*d. Asia-Pacific

General Feedback:

The Asian century Page 7

26. Which one of the following is false?

a. The progress that is occurring in the Asian region is being driven by a number of socioeconomic and political trends that make any long-term backward movement unlikely.

b. Privatisation and deregulation in the financial, transportation and energy industries, for example, have increased the level of internal competition and forced reform; instances include the liberalisation of the insurance industry and reduction of regulations in the finance industry in China.

c. More than three billion people have entered the international marketplace, increasing the competitive pressure for global financial sources needed for economic development.

\*d. None of above

General Feedback:

The Asian century Page 7-8

27. Four 'tigers' of Asia include the following, except \_\_\_\_\_.

a. Hong Kong

b. Singapore

\*c. North Korea

d. Taiwan

General Feedback:

The Asian century, Page 8

28. Triad regions include \_\_\_\_\_\_\_.

\*a. North America, western Europe and Japan, which collectively produced 80 per cent of the world's GDP for much of the twentieth century.

b. Emerging economies expected to be the next major markets; they include the Chinese Economic Area (CEA), India, South Korea, Mexico, Brazil, Argentina, South Africa, Poland, Turkey and the Association of South-East Asian Nations (ASEAN).

c. The process of exporting and importing goods between a nation and other countries in the world.

d. A combination of international trade and foreign production of goods for sale, either by manufacturing products overseas for sale there or by contracting manufacturing out to an organisation in a foreign country.

General Feedback:

Pages 8, 13

29. The big emerging markets (BEMs) are \_\_\_\_\_\_\_.

a. North America, western Europe and Japan, which collectively produced 80 per cent of the world's GDP for much of the twentieth century.

\*b. Emerging economies expected to be the next major markets; they include the Chinese Economic Area (CEA), India, South Korea, Mexico, Brazil, Argentina, South Africa, Poland, Turkey and the Association of South-East Asian Nations (ASEAN).

c. The process of exporting and importing goods between a nation and other countries in the world.

d. A combination of international trade and foreign production of goods for sale, either by manufacturing products overseas for sale there or by contracting manufacturing out to an organisation in a foreign country.

General Feedback:

Pages 8, 13

30. International trade is \_\_\_\_\_\_\_.

a. North America, western Europe and Japan, which collectively produced 80 per cent of the world's GDP for much of the twentieth century.

b. Emerging economies expected to be the next major markets; they include the Chinese Economic Area (CEA), India, South Korea, Mexico, Brazil, Argentina, South Africa, Poland, Turkey and the Association of South-East Asian Nations (ASEAN).

\*c. The process of exporting and importing goods between a nation and other countries in the world.

d. A combination of international trade and foreign production of goods for sale, either by manufacturing products overseas for sale there or by contracting manufacturing out to an organisation in a foreign country.

General Feedback:

Page 13

31. International business is \_\_\_\_\_\_\_.

a. North America, western Europe and Japan, which collectively produced 80 per cent of the world's GDP for much of the twentieth century.

b. Emerging economies expected to be the next major markets; they include the Chinese Economic Area (CEA), India, South Korea, Mexico, Brazil, Argentina, South Africa, Poland, Turkey and the Association of South-East Asian Nations (ASEAN).

c. The process of exporting and importing goods between a nation and other countries in the world.

\*d. A combination of international trade and foreign production of goods for sale, either by manufacturing products overseas for sale there or by contracting manufacturing out to an organisation in a foreign country.

General Feedback:

Page 13

32. E-business is \_\_\_\_\_\_\_.

\*a. The use of electronics to conduct all aspects of an organisation's business.

b. Buying and selling goods and services electronically, involving transactions using the internet or any other telecommunications network.

c. Conducting e-commerce via portable communication devices such as mobile phones and handheld technologies.

d. Trade that flows within the organisation itself (i.e. among subsidiaries of the same organisation).

General Feedback:

Page 9

33. E-commerce is \_\_\_\_\_\_\_.

a. The use of electronics to conduct all aspects of an organisation's business.

\*b. Buying and selling goods and services electronically, involving transactions using the internet or any other telecommunications network.

c. Conducting e-commerce via portable communication devices such as mobile phones and handheld technologies.

d. Trade that flows within the organisation itself (i.e. among subsidiaries of the same organisation).

General Feedback:

Page 9

34. Mobile e-commerce is \_\_\_\_\_\_\_.

a. The use of electronics to conduct all aspects of an organisation's business.

b. Buying and selling goods and services electronically, involving transactions using the internet or any other telecommunications network.

\*c. Conducting e-commerce via portable communication devices such as mobile phones and handheld technologies.

d. Trade that flows within the organisation itself (i.e. among subsidiaries of the same organisation).

General Feedback:

Page 9

35. Intrafirm trade is \_\_\_\_\_\_\_.

a. The use of electronics to conduct all aspects of an organisation's business.

b. Buying and selling goods and services electronically, involving transactions using the internet or any other telecommunications network.

c. Conducting e-commerce via portable communication devices such as mobile phones and handheld technologies.

\*d. Trade that flows within the organisation itself (i.e. among subsidiaries of the same organisation).

General Feedback:

Page 14

36. Domestic marketing is \_\_\_\_\_\_\_.

\*a. An approach to marketing in which organisations focus on the domestic market and domestic competition only.

b. A marketing approach in which organisations sell their good or service directly or indirectly to overseas buyers.

c. Marketing characterised by overseas expansion focusing on a polycentric orientation, whereby marketing functions are adapted to foreign market demands.

d. A marketing approach in which foreign subsidiaries operate independently of one another without any measurable headquarters control.

General Feedback:

Page 16

37. Export marketing is \_\_\_\_\_\_\_.

a. An approach to marketing in which organisations focus on the domestic market and domestic competition only.

\*b. A marketing approach in which organisations sell their good or service directly or indirectly to overseas buyers.

c. Marketing characterised by overseas expansion focusing on a polycentric orientation, whereby marketing functions are adapted to foreign market demands.

d. A marketing approach in which foreign subsidiaries operate independently of one another without any measurable headquarters control.

General Feedback:

Page 16

38. International (country-by-country) marketing is \_\_\_\_\_\_\_.

a. an approach to marketing in which organisations focus on the domestic market and domestic competition only.

b. a marketing approach in which organisations sell their good or service directly or indirectly to overseas buyers.

\*c. marketing characterised by overseas expansion focusing on a polycentric orientation, whereby marketing functions are adapted to foreign market demands.

d. a marketing approach in which foreign subsidiaries operate independently of one another without any measurable headquarters control.

General Feedback:

Page 16

39. Multi-domestic marketing is \_\_\_\_\_\_\_.

a. An approach to marketing in which organisations focus on the domestic market and domestic competition only.

b. A marketing approach in which organisations sell their good or service directly or indirectly to overseas buyers.

c. Marketing characterised by overseas expansion focusing on a polycentric orientation, whereby marketing functions are adapted to foreign market demands.

\*d. A marketing approach in which foreign subsidiaries operate independently of one another without any measurable headquarters control.

General Feedback:

Page 16

40. Multinational (region-by-region) marketing is \_\_\_\_\_\_\_.

\*a. A marketing approach in which the organisation realises economies of scale by standardising operations on a regional basis.

b. A marketing approach in which an organisation strives for efficiencies of scale by developing a standardised marketing mix across national, regional and global markets.

c. A theory that states that a country can gain from engaging in trade even if it has an absolute advantage or disadvantage.

d. The situation in which one region can produce goods with lower unit labour requirements than any other and so is only able to export those goods.

General Feedback:

Page 18

41. Global marketing is \_\_\_\_\_\_\_.

a. A marketing approach in which the organisation realises economies of scale by standardising operations on a regional basis.

\*b. A marketing approach in which an organisation strives for efficiencies of scale by developing a standardised marketing mix across national, regional and global markets.

c. A theory that states that a country can gain from engaging in trade even if it has an absolute advantage or disadvantage.

d. The situation in which one region can produce goods with lower unit labour requirements than any other and so is only able to export those goods.

General Feedback:

Page 18

42. Comparative advantage theory is \_\_\_\_\_\_\_.

a. a marketing approach in which the organisation realises economies of scale by standardising operations on a regional basis.

b. a marketing approach in which an organisation strives for efficiencies of scale by developing a standardised marketing mix across national, regional and global markets.

\*c. a theory that states that a country can gain from engaging in trade even if it has an absolute advantage or disadvantage.

d. the situation in which one region can produce goods with lower unit labour requirements than any other and so is only able to export those goods.

General Feedback:

Page 22

43. Absolute advantage is \_\_\_\_\_\_\_.

a. A marketing approach in which the organisation realises economies of scale by standardising operations on a regional basis.

b. A marketing approach in which an organisation strives for efficiencies of scale by developing a standardised marketing mix across national, regional and global markets.

c. A theory that states that a country can gain from engaging in trade even if it has an absolute advantage or disadvantage.

\*d. The situation in which one region can produce goods with lower unit labour requirements than any other and so is only able to export those goods.

General Feedback:

Page 22

44. Commodity terms of trade are \_\_\_\_\_\_\_.

\*a. Export commodity price divided by the price of imports.

b. A theory developed to explain a realistic, dynamic change in international competition over time and place.

c. The notion that as an organisation's size increases and it takes advantage of mass production and mass marketing, the long-term average unit cost of its products decreases.

d. The similarity in product preference and choice that may exist across nations and regions.

General Feedback:

Page 23

45. International product cycle theory is \_\_\_\_\_\_\_.

a. Export commodity price divided by the price of imports.

\*b. A theory developed to explain a realistic, dynamic change in international competition over time and place.

c. The notion that as an organisation's size increases and it takes advantage of mass production and mass marketing, the long-term average unit cost of its products decreases.

d. The similarity in product preference and choice that may exist across nations and regions.

General Feedback:

Page 25

46. Economies of scale are \_\_\_\_\_\_\_.

a. Export commodity price divided by the price of imports.

b. A theory developed to explain a realistic, dynamic change in international competition over time and place.

\*c. The notion that as an organisation's size increases and it takes advantage of mass production and mass marketing, the long-term average unit cost of its products decreases.

d. The similarity in product preference and choice that may exist across nations and regions.

General Feedback:

Page 25

47. Preference similarity is \_\_\_\_\_\_\_.

a. Export commodity price divided by the price of imports.

b. A theory developed to explain a realistic, dynamic change in international competition over time and place.

c. The notion that as an organisation's size increases and it takes advantage of mass production and mass marketing, the long-term average unit cost of its products decreases.

\*d. The similarity in product preference and choice that may exist across nations and regions.

General Feedback:

Page 26

48. Technological gap is \_\_\_\_\_\_\_.

\*a. The difference in technological capacities between competitors because of innovation.

b. A theory that focuses on the internal costs of economic exchanges within an MNC.

c. A narrow class of product designs that begin to emerge as a standard design and obtain the dominant status within the market.

d. An organisation's capacities, experience and expertise in manufacture and marketing.

General Feedback:

Page 26

49. Internalisation/transaction cost theory is \_\_\_\_\_\_\_.

a. The difference in technological capacities between competitors because of innovation.

\*b. A theory that focuses on the internal costs of economic exchanges within an MNC.

c. A narrow class of product designs that begin to emerge as a standard design and obtain the dominant status within the market.

d. An organisation's capacities, experience and expertise in manufacture and marketing.

General Feedback:

Page 27

50. Manufacturing and marketing ability is \_\_\_\_\_\_\_.

a. the difference in technological capacities between competitors because of innovation.

b. a theory that focuses on the internal costs of economic exchanges within an MNC.

c. a narrow class of product designs that begin to emerge as a standard design and obtain the dominant status within the market.

\*d. an organisation's capacities, experience and expertise in manufacture and marketing.

General Feedback:

Page 28

**Short Answer/Essay Questions**

51. What are the growth of Asian markets and the implications for global trade and international marketing?

Correct Answer:

Pages 6-8. The growth of Asian markets include:  
· The extent of Asian economic development has been extraordinary.  
· The rise of Japan as an economic power.  
· The emergence of newly industrialised countries (NICs) such as South Korean, Taiwan and the Philippines.  
· The materialisation of the economic power of India and China.  
The implications for global trade and international marketing include:  
· According to the World Trade Organisation (WTO) estimates, in 2011 over 4.2 billion people lived in the Asia-Pacific region, representing over 61 per cent of the world's population. The progress that is occurring in the Asian region is being driven by a number of socioeconomic and political trends that make any long-term backward movement unlikely.  
· Privatisation and deregulation in the financial, transportation and energy industries, for example, have increased the level of internal competition and forced reform; instances include the liberalisation of the insurance industry and reduction of regulations in the finance industry in China.  
· However, this has to be continued with great care as unethical practices arising from unrestrained market freedom has been historically a major contributor to many financial crises.  
· Nonetheless, more than three billion people have entered the international marketplace, increasing the competitive pressure for global financial sources needed for economic development.  
· In the next ten to 20 years, the greatest commercial opportunities are expected to be found increasingly in the ten big emerging markets (BEMs).  
· An increasing number of competitors are also expected to originate from those emerging economies.  
· Further, Asia presents as the world's fastest-growing consumer market and, if current trends continue, the consumer market - in terms of purchasing power parity - will overtake the United States by 2020.  
· The infrastructure and energy needs will be enormous and the importation of some of these resources is fraught with political and economic difficulties.  
· There are great opportunities in areas such as education, transportation and communication.  
· To attain acceptable levels of marketing performance, environmental concerns, national and regional interests will need to be balanced.  
· The administrative and organisational problems are immense, but not insurmountable.  
· Marketing managers have to be fully conscious of the need to maintain cultural identities and avoid air and water pollution.

52. What are the aspects of the international trade and business environment that have made understanding international marketing imperative?

Correct Answer:

Pages 8-14. First, and at the most fundamental level, the saturation of domestic markets in the industrialised parts of the world has forced many organisations to look for marketing opportunities beyond their own national boundaries.  
Second, a profound change has occurred in our view of competition around the world - in market share, country source and global reach.  
Third, international competition also brings about global cooperation. This is most obvious in the information technology industry.  
Fourth, in the last decade there has been the proliferation of the internet and electronic business (e-business).  
Fifth, an examination of the top 100 largest organisations in the world vividly illustrates the profound changes that have occurred in the countries of origin of competitors in the international marketplace.  
Last, as already noted, an organisation can no longer avoid competitive pressure from around the world and global environmental events, even if it operates only in a domestic market. Therefore, it is essential that future marketing professionals have a solid basis for marketing planning in response to environmental changes, and an understanding of the intense competitive pressures and expanding market opportunities that exist globally.

53. What is the evolution of global marketing?

Correct Answer:

Pages 14-20. The classic marketing management paradigm was developed in and is grounded in the US cultural ethos.  
This conceptualisation, although in some respects micro, has major implications not only for the nature and purposes of marketing, but for social objectives and how they may be achieved.  
Its uncritical acceptance and implementation in different social and cultural circumstances might easily lead to sub-optimal results.  
The global financial crisis is a demonstration of how effective, but unregulated, marketing practices can be used unethically or deceptively on consumers with severe implications for society at large.  
Knowing the dynamics of the evolutionary development of international and global marketing involvement is important for two reasons:  
· First, it helps in understanding how organisations learn and acquire international experience and how they use it for gaining competitive advantage over time. This may help a manager to be better prepared for the likely change needed in the organisation's marketing strategy.  
· Second, with this knowledge, an organisation may be able to compete more effectively by predicting its competitors' likely marketing strategy in advance.  
Refer to Figure 1.3 Evolution of global marketing

54. What are the key processes involved in planning, implementing and monitoring an international marketing strategy?

Correct Answer:

Pages 21-22. Planning is a general term that broadly refers to management's attempt to control, predict and achieve a desired future.  
There have been many different approaches to the definition of planning.  
Planning is the process of preparing a set of decisions for actions in the future, directed at achieving goals by preferable means.  
The definition implies a set of possible futures or outcomes of strategies that may be classified according to preference.  
The planner, therefore, first has to decide what type of future is desired.  
Then as there are not only many different types of futures but diverse ways of attaining any particular future, the planner has to examine a set of paths (strategies) that are likely to lead to specific outcomes and choose one distinct path or strategy that is most likely to lead to the goal.  
Once the choice is made, it is then necessary to implement the chosen strategy.  
Finally, when the plan has been activated, it must be continually monitored to ensure successful progress towards the achievement of the goal.

55. Explain the concepts of the comparative advantage, international product cycle and internationalisation theories in relation to international trade and investment.

Correct Answer:

Pages 22-29. Comparative advantage theory - a theory that states that a country can gain from engaging in trade even if it has an absolute advantage or disadvantage.  
International product cycle theory - a theory developed to explain a realistic, dynamic change in international competition over time and place.  
Internationalisation/transaction cost theory - a theory that focuses on the internal costs of economic exchanges within an MNC.