

### IN-CLASS ASSIGNMENT #3 SAMPLE MIDTERM QUESTION

### SAMPLE ANSWERS

Name: **Mark E. Ting**

Below are two questions similar to the ones that will be on the midterm. Please answer one of the questions. You do not need to have a perfect answer to receive a nice score on this exercise, but you will receive feedback on what your score would have been on a midterm. This is mostly intended as a way to get practice prior to taking the actual exam when stakes are higher.

1. Please discuss the difference between *physical* and *communications* adaptations to products sold abroad and give an example of a *communications* adaptation.

Physical adaptations involve changes to the actual product so that it will suit the infrastructure, economy, and culture of a country. Communications adaptations, in contrast, involve changes in the way a product is positioned or marketed. For example, in the U.S., McDonald's fast food is marketed as a low cost, convenient food. In China, however, McDonald's, by local standards, is neither cheap nor convenient. Instead, it is marketed as something that is "cool" and American.

2. Within the context of the Boston Consulting Group matrix, please discuss what a "cash cow" entails and its implications for firm strategy.

A "cash cow" is a business unit where the firm has a large market share in a market that has limited growth. Since the market is expected to have little growth, reinvesting profits usually does not make sense. Therefore, the firm either needs to pay profits out as dividends (which many stockholders do not want since they will then immediately have to pay taxes on these dividends) or to reinvest the money in a more rapidly growing market. The firm may,

therefore, want to invest in markets that are growing more rapidly so that the earnings from the cash cow and be used to grow a "star" or a "question mark."

FOR USE BY THE INSTRUCTOR:

Assignment score recorded in grade book: \_\_\_\_\_/10

Score that would have been assigned on an exam: \_\_\_\_\_/25