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# Kentucky Class Notes

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*MKT 435 Hapke*

*Test 1*

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MKT 435 Hapke  
Fall 2009  
Test 1

- Organization for Economic Cooperation and Development:
  - The **Organisation for Economic Co-operation and Development (OECD)** is an international organization of 30 countries that accept the principles of representative democracy and free-market economy. Most OECD members are high-income economies with a high HDI and are regarded as developed countries.
- 30 nations
- Triad
  - Japan, Western Europe, United States
  - Expanded triad
- Product saturation

## Balance of Payments

- The residents of a country and the rest of the world
  - Current account
  - Capital account
  - Foreign exchange
  - Immediate (spot) and future (forward) currency
- Purchasing Power Parity:
  - The **purchasing power parity (PPP)** theory uses the long-term equilibrium exchange rate of two currencies to equalize their purchasing power. Developed by Gustav Cassel in 1918, it is based on the law of one price: the theory states that, in ideally efficient markets, identical goods should have only one price.

## Managing Economic Exposure

- Impact of currency fluctuations on the present value
  - Transaction
  - Real operating

## Managing Exchange Rate Exposure

- Hedging
- Forward contracts

\_\_\_\_\_ share a favorable attitude toward American brands.

Japanese

What represents good taste as opposed to tastelessness or even obscenity is known as what?

Aesthetics

Material culture is the \_\_\_\_\_ component.

Physical Component

With regards to Hofstede's Cultural Theory, \_\_\_\_\_ is power distance?

Power distance is the degree to which a society expects there to be differences in the levels of power.

\_\_\_\_\_ is contrasted with collectivism, and refers to the extent to which people are expected to stand up for themselves, or alternatively act predominantly as a member of the group or organization.

Individualism