**Chapter 2 – Key Terms**

**Maquiladoras** - Mexican factories located along the U.S. - Mexico border that receive preferential tariff treatment.

**World Trade Organization (WTO)** - An international organization that promotes world trade by lowering barriers to the free flow of goods across borders.

**North American Free Trade Agreement (NAFTA)** - A free trade agreement between Canada, Mexico, and the United States.

**European Union (EU)** – A European trade group that had 28 member states in 2015. Britain is leaving in 2018.

**Mission** - The purpose or rationale for an organization's existence.

**Strategy** - How an organization expects to achieve its missions and goals.

**Competitive advantage** - The creation of a unique advantage over competitors.

**Differentiation** - Distinguishing the offerings of an organization in a way that the customer perceives as adding value.

**Experience differentiation** - Engaging a customer with a product through imaginative use of the five senses, so the customer "experiences" the product.

**Low-cost leadership** - Achieving maximum value, as perceived by the customer.

**Response** - A set of values related to rapid, flexible, and reliable performance.

Key Success Factors (KSF’s) – Activities or factors that are key to achieving competitive advantage.

**Core competencies** – A set of skills, talents, and activities in which a firm is particularly strong.

**International Corporation** - A firm that engages in cross-border transactions.

**Multinational Corporation** - A firm that has extensive involvement in international business, owning or controlling facilities in more than one country.

**International strategy** - A strategy in which global markets are penetrated using exports and licences.

**Multidomestic strategy** - A strategy in which operating decisions are decentralized to each country to enhance local responsiveness.

**Global Strategy** - A strategy in which operating decisions are centralized and headquarters coordinates the standardization and learning between facilities.

**Transnational strategy** - A strategy that combines the benefits of global-scale efficiencies with the benefits of local responsiveness.