

Indicate whether the statement is true or false.

1. Flexcar is a car rental agency that will rent cars by the hour. Hertz and Avis are part of Flexcar's competitive environment.
 - a. True
 - b. False

2. Champion Lyte is a sugar-free sports drink designed to replenish electrolytes lost during activity or illness. Since the product was designed primarily for diabetics, healthcare professionals who treat diabetics would be the product's primary target market.
 - a. True
 - b. False

3. The foundation for the pyramid of corporate social responsibility is economic responsibility.
 - a. True
 - b. False

4. Canada excels at applied research and is weak when it comes to basic research.
 - a. True
 - b. False

5. Marketers need a thorough understanding of the laws established by the federal government, provincial governments, and regulatory agencies.
 - a. True
 - b. False

6. Many companies have found issuing a policy on ethical behaviour is the only action necessary to ensure employees will comply with expected standards.
 - a. True
 - b. False

7. Most businesspeople have progressed beyond the self-centred and manipulative actions of pre-conventional morality.
 - a. True
 - b. False

8. Inflation is a measure of the decrease in the value of money, expressed as the percentage reduction in value since the previous year.
 - a. True
 - b. False

9. Psychography is the study of people's vital statistics such as their ages and locations.
 - a. True
 - b. False

10. Marketers can control the external environment in which their organizations operate.
 - a. True
 - b. False

11. The competitive environment of a business encompasses the number of competitors the firm must face, the

relative size of the competitors, regulatory agencies, and the degree of interdependence within the industry.

- a. True
- b. False

12. Multiculturalism refers to peaceful and equitable coexistence of different cultures, rather than one national culture, in a country.

- a. True
- b. False

13. While a single firm cannot control the elements in the external environment, a firm can sometimes influence that environment.

- a. True
- b. False

14. Women are important to marketers because they control about 80 percent of the spending in the household.

- a. True
- b. False

15. An obese man sued McDonalds, Burger King, Wendy's, and KFC because he claims the fast-food giants caused his diabetes and other health problems. The suit is an example of a problem caused by competitive factors.

- a. True
- b. False

16. Social factors in the marketing environment influence the products people buy, the prices paid for products, the effectiveness of specific promotions, and how, where, and when people expect to purchase products.

- a. True
- b. False

17. When writing codes of ethics, businesses must ensure their codes deal with every possible situation.

- a. True
- b. False

18. ExxonMobil was fulfilling its philanthropic responsibility when it partnered with the National Fish and Wildlife Foundation to save the world's remaining tigers by donating more than \$11 million to establish the Save the Tiger Fund.

- a. True
- b. False

19. Morals are rules people develop as a result of cultural values and norms.

- a. True
- b. False

20. After Hal Li purchased a wood-burning stove to heat his family home, the seller sold Hal Li's information to the stove manufacturer. This was done without Hal Li's permission. The Privacy Act (PA) and the Personal Information Protection and Electronic Documents Act (PIPEDA) could be used to protect Hal Li.

- a. True
- b. False

21. Marketers can best reach Generation Y members through television and magazine advertising.

- a. True
- b. False

22. Champion Lyte is a sugar-free sports drink. In developing the new product, its manufacturer thoroughly studied the legal restrictions on the drink's ingredients, packaging, manufacturing, and labelling, and has abided by all such restrictions. In this way, the manufacturer of Champion Lyte drinks conducted its examination of all political and legal factors that might affect the product's marketing.

- a. True
- b. False

23. Consumers today do not necessarily fit into traditional stereotypes, but may instead choose products and services that meet a variety of needs. Such diverse purchasing habits reflect component lifestyles.

- a. True
- b. False

Indicate the answer choice that best completes the statement or answers the question.

24. Girls between the ages of 8 and 14 are one of the growing markets for high-end shoe manufacturers. Shoe manufacturers who develop and market adult-style shoes to this group but put warnings of potential future problems are operating at which of the following responsibility levels?

- a. legal
- b. philanthropic
- c. ethical
- d. cultural

25. In the future, electrical power may come from quantum nucleonics, a form of nuclear power that produces no residual radiation. The ability to use this form of power will require equipment adaptations, but it will solve the world's need for clean and efficient power. When quantum nucleonics is developed, it will be an example of how which of the following factors can affect an organization?

- a. technological
- b. competitive
- c. economic
- d. cultural

Figure 2-2

Thani Jambulingham wants to open a restaurant that features the finest in Indian and Middle Eastern delicacies. To determine the feasibility of his restaurant, he hired FoodFacts marketing research consultants. The experts at FoodFacts studied all the market information available and determined that consumers aged 30 to 45 who love spicy cuisine were most interested in the proposed restaurant. In examining the restaurant environment, FoodFacts researchers found the west side of the city offered the best options for opening the restaurant. Jambulingham was told the biggest obstacle in opening the restaurant related to obtaining the necessary permits from the city and province.

26. Refer to the Figure. What is the success of Jambulingham's restaurant most closely related to?

- a. the values of Generation X members
- b. a huge increase in the Indian immigrant population expected during the next decade
- c. the growing importance of multiculturalism in Canada
- d. political deregulation of the restaurant industry

27. More and more people are piecing together a variety of interests, products, and services and not conforming to traditional stereotypes. What are they enjoying?
- well-defined segments
 - component lifestyles
 - simple multipurpose products
 - conformity and cohesiveness
28. Dan Strong a newly qualified personal trainer believes there is an underserved niche in overweight teenagers who want to get fit. If he goes after this segment by designing an appropriate marketing mix, which of the following is an appropriate term to describe this group?
- target market
 - buying centre
 - aggregated unit
 - consumer cluster
29. Which of the following is sometimes an effective weapon for fighting inflation and recession?
- technology
 - line extensions
 - increased capital gains taxes
 - introduction of new product lines
30. The external environment is a strong influence on a target market. What can it be a source of for the marketing manager?
- opportunities and threats
 - threats and strengths
 - environmental loopholes
 - opportunities and weaknesses

Figure 2-1

Kristen Clingan's boyfriend had never even mentioned marriage when she received an e-mail announcing her boyfriend had e-impregnated her. The e-mail from www.bunintheoven.com included a positive pregnancy "test" and was followed by a half dozen subsequent messages, including the audio file of the baby's heartbeat and the ultrasound image. The whole process took three months and cost \$29.95. At the end of the virtual pregnancy, she received a mug bearing the newborn's photograph. Virtual Impregnation is the brainchild of Adam Corsi. He sees the virtual impregnation as a good conversation starter for topics that may not have been broached by a couple before.

31. Refer to the Figure. Innovations in which environment are most responsible for the success of Corsi's website?
- economic
 - political
 - technological
 - government
32. Refer to the Figure. Which characteristics are used when describing couples that participate in a virtual pregnancy as professionals between the ages of 25 to 34 who earn at least \$50,000 annual income?
- psychographic

- b. demographic
- c. anthropologic
- d. sociologic

33. When income is high relative to the cost of living, consumers will have which of the following?

- a. more discretionary income
- b. more incentive to buy luxury items
- c. less incentive to buy luxury goods and services
- d. have significantly less disposable income

34. Which of the following is a measure of the decrease in the value of money, expressed as the percentage reduction in value since the previous year?

- a. inflation
- b. recession
- c. depression
- d. consumer break-even

35. Politicians tried to pass a bill requiring concert promoters and venue operators to print parental warnings on tickets and advertisements for concerts and shows by performers whose recordings have already been given content advisory labels. Promoters and venue operators prevented the passage of this bill that would have required them to make value judgments they felt ill-equipped to make. What were the concert promoters and venue operators engaging in?

- a. internal marketing
- b. illegal practices
- c. environmental management
- d. public relations

36. Cheetera Johnson is a calculating, self-centred salesperson. She never engages in relationship marketing. She looks on any sales situation as a “win–lose” situation, and she believes any legal method she can use is justified when she wins. At which stage of ethical development is Johnson most likely to be?

- a. pre-conventional morality
- b. transformationalism
- c. conventional morality
- d. egocentrism

37. Which of the following statements best describes ethics?

- a. Ethics are the moral principles or values that generally govern the conduct of an individual.
- b. Ethics are the standard of behaviour upon which legal actions will be made.
- c. Ethics are unrelated to social behaviour.
- d. Ethics and values are situation-specific.

38. Japanese law prohibits the storage of more than 22 kilograms of explosive at any single site in the nation. Every night Universal Studios Japan hosts a fireworks display. The theme park recently came under government investigation when allegations were made that the park was detonating more than 22 kilograms of explosives in its nightly fireworks displays. What would be required to discover a way to produce grand fireworks displays with smaller amounts of explosives?

- a. technological research

- b. transactional research
- c. applied research
- d. synergistic research

39. Generation Y is best characterized as which of the following?

- a. Its members are people who were born between 1966 and 1978.
- b. It is smaller than Generation X.
- c. The members of Generation Y are pressed for time and spend more on personal services than any other age group.
- d. Members of Generation Y are the first generation of latchkey kids.

40. What is apparently the most difficult external variable for marketing managers to forecast, influence, or integrate into marketing plans?

- a. technology
- b. social factors
- c. demography
- d. population growth

41. Carissa Ty designs and sells clothes for young working women. She has recently been told that unless she starts designing more to suit the style of the Gen-Y market, she is likely to be in financial trouble soon. Why would someone tell her that?

- a. Gen-Yers don't have a style that they prefer.
- b. Gen-Yers are more multicultural.
- c. Gen-Yers are the children of the baby boomers, and echo boomers.
- d. Gen-Yers, demographically are an extremely large group of consumers.

42. A cigarette manufacturer has developed vending machines that operate only after the user inserts a card verifying his or her age. By developing this machine, and by modifying its external environment through the use of technology, what has the cigarette manufacturer engaged in?

- a. re-engineering
- b. environmental management
- c. social machinations
- d. technology development

43. Donna Lassiter is a college teacher. She is also a rock-climbing expert, a foster parent, and an accomplished violinist. Her other interests include glass blowing, gourmet cooking, and classic movies. How would marketers categorize Lassiter?

- a. as fitting into a caregiver segment
- b. as a member of the typical education-based target segment
- c. as not belonging to any target market
- d. as having a component lifestyle

44. Blogs created by consumers can be used to assess customer attitudes toward new products as well as customer perceptions of new products. Marketers' ability to search for keywords used in the blogs is an example of a change in which factor of the external environment?

- a. psychographic
- b. technological

- c. competitive
- d. demographic

Figure 2-2

Thani Jambulingham wants to open a restaurant that features the finest in Indian and Middle Eastern delicacies. To determine the feasibility of his restaurant, he hired FoodFacts marketing research consultants. The experts at FoodFacts studied all the market information available and determined that consumers aged 30 to 45 who love spicy cuisine were most interested in the proposed restaurant. In examining the restaurant environment, FoodFacts researchers found the west side of the city offered the best options for opening the restaurant. Jambulingham was told the biggest obstacle in opening the restaurant related to obtaining the necessary permits from the city and province.

45. Refer to the Figure. Jambulingham is developing a marketing plan to cover the first five years of the restaurant's business. Which of the following uncontrollable factors must he be sure to consider in his plan?
- a. place or distribution factors
 - b. media buying factors
 - c. demographic factors
 - d. psychographic factors
46. Which of the following is a demographic characteristic of a population?
- a. retirement income level
 - b. volunteering
 - c. values
 - d. education
47. Donny loves to hunt, write poetry, paint, and practice environmental conservation. Although this seems contradictory, Donny refuses to conform to a single traditional way of life. What kind of lifestyle description does Donny fit into?
- a. aggregated lifestyle
 - b. component lifestyle
 - c. psychographic lifestyle
 - d. demographically defined lifestyle

Figure 2-1

Kristen Clingan's boyfriend had never even mentioned marriage when she received an e-mail announcing her boyfriend had e-impregnated her. The e-mail from www.bunintheoven.com included a positive pregnancy "test" and was followed by a half dozen subsequent messages, including the audio file of the baby's heartbeat and the ultrasound image. The whole process took three months and cost \$29.95. At the end of the virtual pregnancy, she received a mug bearing the newborn's photograph. Virtual Impregnation is the brainchild of Adam Corsi. He sees the virtual impregnation as a good conversation starter for topics that may not have been broached by a couple before.

48. Refer to the Figure. One problem facing Corsi was the potential that one of the women who received the e-mail would sue the sender as well as the website for sexual harassment. Which environment are such concerns part of?
- a. political and legal
 - b. technological
 - c. economic

d. demographic

49. James Malala lost his job as a garment salesman due to falling customer orders in Canada. Apparently most business sectors have been hit by falling demand and low consumer confidence. Which economic trend is Canada currently experiencing?

- a. a stagflation
- b. an inflation
- c. a recession
- d. a depression

50. One of the favourite foods in Thailand is shark fin soup. A San Francisco-based organization claimed the soup made by the leading producer of shark fin soup contained mercury poison. Sales for this company have plummeted. The popularity of this soup in Thailand represents which of the following factors?

- a. economic
- b. technological
- c. social
- d. competitive

51. Why has the component lifestyle of many of today's consumers proven to be such a challenge to marketers?

- a. People with component lifestyles expect multi-tiered pricing.
- b. The needs of people with component lifestyles are in constant flux.
- c. Communication with people who have component lifestyles is very difficult.
- d. There are no specialized lifestyle magazines that reach small segments of markets.

52. Anderson owns three dogs, loves to cook, is a member of a city arts commission, enjoys talk radio, likes to ride motorcycles, and is a rodeo competitor. All of these diverse needs and interests influence his choices of the goods and services he buys. What does Anderson have?

- a. a component lifestyle
- b. a demographically oriented lifestyle
- c. a multicultural orientation
- d. a fragmented-market orientation

53. Zimmer Centralpulse is the world's largest producer of replacement hips and knees for orthopaedic surgery. The company has developed a new sturdier joint that will extend the life of the average replacement joint by five years. What did this longer-lasting joint result from?

- a. applied research
- b. experiential research
- c. demographically oriented research
- d. value-added research

Figure 2-1

Kristen Clingan's boyfriend had never even mentioned marriage when she received an e-mail announcing her boyfriend had e-impregnated her. The e-mail from www.bunintheoven.com included a positive pregnancy "test" and was followed by a half dozen subsequent messages, including the audio file of the baby's heartbeat and the ultrasound image. The whole process took three months and cost \$29.95. At the end of the virtual pregnancy, she received a mug bearing the newborn's photograph. Virtual Impregnation is the brainchild of Adam Corsi. He sees the virtual impregnation as a good conversation starter for topics that may not have been

broached by a couple before.

54. Refer to the Figure. The willingness of couples to participate in this virtual pregnancy results from a fear of making a mistake and not being ready for a baby. Which environmental factors are most responsible for the company's success?

- a. political factors
- b. economic factors
- c. social factors
- d. demographic factors

55. Scientists are researching the possibility of computer-aided telekinesis with the idea that someday your brain will be linked with a computer, similar to the brain-plug interfaces used in the movie *The Matrix*. Since scientists are not engaged in solving any specific, pragmatic problem, what is this an example of?

- a. technological research
- b. basic research
- c. applied research
- d. transformational research

Figure 2-1

Kristen Clingan's boyfriend had never even mentioned marriage when she received an e-mail announcing her boyfriend had e-impregnated her. The e-mail from www.bunintheoven.com included a positive pregnancy "test" and was followed by a half dozen subsequent messages, including the audio file of the baby's heartbeat and the ultrasound image. The whole process took three months and cost \$29.95. At the end of the virtual pregnancy, she received a mug bearing the newborn's photograph. Virtual Impregnation is the brainchild of Adam Corsi. He sees the virtual impregnation as a good conversation starter for topics that may not have been broached by a couple before.

56. Refer to the Figure. Virtual Impregnation is designed for people who are in long-term relationships that seem to be either evolving slowly or not at all. What does this group represent for the company?

- a. its target market
- b. its buying centre
- c. its consumer cluster
- d. its demographic sample

57. Advanced Base Camp, Black Diamond Equipment, and Misty Mountain are all marketers of ropes, carabiners, climbing holds, harnesses, helmets, and ice gear as well as other equipment needed for rock climbing. What type of factors are they in each other's external environments?

- a. component lifestyle
- b. competitive
- c. economic
- d. social

58. Which of the following strategies is appropriate for a marketer to use during a time of economic recession?

- a. promoting product cost
- b. maintaining and improving customer services
- c. emphasizing top-of-the-line products in promotions
- d. offering products that are expensive

59. Like many other professional organizations and businesses, the Society of Civil Engineers has developed a formal, written guideline to help its members make better ethical decisions. This document would be best described by which of the following terms?
- behavioural practice
 - moral ruling
 - code of ethics
 - direction of value
60. The Big Oil company has just recruited a number of government lobbyists to influence political policy regarding the drilling of oil and its consequences. What is it engaging in?
- synergistic control
 - environmental management
 - transactional management
 - market control
61. Which of the following is an uncontrollable environmental factor?
- where advertising is placed
 - the economy
 - the sales force
 - the distribution strategy
62. The use of ethical decision making is affected by which of the following?
- the influence of junior managers
 - the presence of cultural pollution
 - depends on the number of departments affected
 - depends on the magnitude of possible consequences
63. The newest Coca-Cola vending machines have interactive screens that run advertisements and allow users to obtain free photos of themselves and ringtones after they have bought a drink. By developing this machine, and by modifying its external environment through the use of technology, what has Coca-Cola engaged in?
- re-engineering
 - environmental management
 - social machinations
 - technology diversity
64. Consumers buying lumber are increasingly asking the retailers from whom they are buying the products if the lumber is from a nation that is destroying its environment. Two logging companies in Indonesia are putting computerized bar codes on their logs to show the wood was legally harvested. The companies hope this coding will provide evidence that they are engaging in which of the following?
- proactive evaluation
 - transactional control
 - synergistic control
 - environmental management
65. How is a multicultural society characterized?
- by a population of recent immigrants who are closely related by custom and tradition

- b. by a conglomeration of small and large ethnic groups that have little in common
- c. by the even distribution of all ethnic groups in a geographic region
- d. by clusters of ethnic groups in a geographic region

Figure 2-2

Thani Jambulingham wants to open a restaurant that features the finest in Indian and Middle Eastern delicacies. To determine the feasibility of his restaurant, he hired FoodFacts marketing research consultants. The experts at FoodFacts studied all the market information available and determined that consumers aged 30 to 45 who love spicy cuisine were most interested in the proposed restaurant. In examining the restaurant environment, FoodFacts researchers found the west side of the city offered the best options for opening the restaurant. Jambulingham was told the biggest obstacle in opening the restaurant related to obtaining the necessary permits from the city and province.

66. Refer to the Figure. Describing the market for Jambulingham's new restaurant in terms of ages of the members of its target market is referring to which characteristics?
- a. psychographic
 - b. demographic
 - c. anthropological
 - d. sociological
67. When Universal Studios Japan opened, health inspectors discovered the theme park had piped industrial-use water not suitable for drinking into its drinking fountains. The problem was unanticipated and costly to repair. This is primarily an example of a business incurring unexpected costs due to which factors?
- a. social
 - b. economic
 - c. political and legal
 - d. cultural
68. Starbucks Coffee aims to ensure that its stakeholders are not negatively impacted by how Starbucks operates its business. This means that Starbucks coffee beans are fair trade, that employees are well trained and compensated, and that it limits its environmental footprint. What else is this long-term concern known as?
- a. consumerism
 - b. corporate social responsibility
 - c. cultural sensitivity
 - d. conventional morality
69. Japanese law prohibits the storage of more than 22 kilograms of explosive at any single site in the nation. Every night Universal Studios Japan hosts a fireworks display. The theme park recently came under government investigation when allegations were made that the park was detonating more than 22 kilograms of explosives in its nightly fireworks displays. In Japan, the use of explosives is stringently controlled. Which factors are influencing Universal Studios Japan?
- a. competitive
 - b. legal and political
 - c. economic
 - d. technological

Figure 2-3

In their desire to boost ratings, television news programs have done just about everything. One famous example is the *Fifth Estate* segment about General Motors' 1973–1987 pickup trucks, which was entitled “Waiting to Explode?” The 15-minute segment contained a short, dramatic portion that featured two side-impact tests that the *Fifth Estate* had run to purportedly demonstrate what could happen when the GM pickup trucks were struck in the side. GM sued the *Fifth Estate* alleging defamation and damage to its reputation. GM argued that the *Fifth Estate* segment was an unscientific demonstration, was inappropriate, and did not support the position that GM's trucks were defective. The *Fifth Estate* admitted that the crash was rigged and apologized to GM and the *Fifth Estate* viewers.

70. Refer to the *the Figure*. The *Fifth Estate* executives have to be concerned with the long-range welfare of the network and its relationships with viewers. What is this concern called?

- a. consumerism
- b. corporate social responsibility
- c. ethical dilemma
- d. conventional morality

71. Refer to *Figure* When people tune in to a television news show, they expect to be told the truth about events covered on the news. What is the name for the moral principles or values that should generally govern the conduct of the news media?

- a. ethics
- b. legal standards
- c. manners
- d. social responsibility

72. Many people in Canada choose to drink light beer because Canadians value thin and fit bodies. In Europe, light beers have had little success because flavour is valued more highly. For international beer manufacturers, what does this difference illustrate?

- a. how demography influences marketing
- b. how competition influences marketing
- c. how social factors influence marketing
- d. how economic conditions influence marketing

73. Which of the following sayings best describes how people with conventional morality act?

- a. Don't put all of your eggs in one basket.
- b. When in Rome, do as the Romans do.
- c. Be wary of strangers bearing gifts.
- d. A rolling stone gathers no moss.

74. In Asia, Procter & Gamble (P&G) discovered consumers like to experiment with different brands of shampoo, so most shoppers shy away from the family-size bottles so popular with Americans. Now, most of the shampoo the company sells in the Far East is packaged in single-use sachets. Which factors did P&G respond to when it changed its Asian packaging?

- a. demographic
- b. competitive
- c. technological
- d. social

75. Girls between the ages of 8 and 14 are one of the growing markets for high-end shoe manufacturers. But

- doctors are finding that many of these girls are developing grown-up foot problems that once affected only women over 50. Which girls are experiencing problems because they wanted to be fashionable?
- members of Generation X
 - a cohort generation
 - tweens
 - members of Generation Y
76. Which of the following statements best characterizes the changing demographics in Canada today?
- Marketers are modifying products to appeal to different ethnicities.
 - Marketers are mainly focusing on the aging baby boomers.
 - Marketers are making separate ethnic ads for the same products.
 - Marketers are advertising more to appeal to the Sandwich generation.
77. Zimmer Centralpulse is the world's largest producer of replacement hips and knees for orthopaedic surgery. The company is particularly interested in the market in southern British Columbia, where a large aging population lives. Which external environmental element most directly influences the continued growth of Zimmer Centralpulse?
- economics
 - political
 - culture
 - demography
78. Riot Media is a media and toy company that capitalizes on the "gross-out" humour factor that boys between the ages of 9 and 14 so love. Whom does it target?
- members of Generation X
 - a cohort generation
 - tweens
 - members of Generation Y
79. Almost any product in India, from tap water to milk, has traces of toxins, due to the overuse and misuse of insecticides by Indian farmers, but the government expects multinational corporations (MNCs) operating in India to produce food that is toxin-free. Which factors are influencing the operating environments of MNCs?
- demographic and technological
 - legal and technological
 - pricing and social
 - economic and behavioral
80. Ryan loves his iPad, cellphone and laptop. In addition he ensures that he is wearing only the latest fashions. Which group does Ryan belong to?
- Generation Xers
 - the cohort generation
 - the baby-bridging generation
 - Generation Yers
81. When many consumers think of adhesives, they think of 3M because it makes so many kinds of adhesives used in the home. However, the world's largest adhesive producer is Henkel Consumer Adhesive, maker of Loctite and duct tape. What are 3M and Henkel part of?

- a. each other's competitive environment
- b. each other's economic environment
- c. each other's social environment
- d. each other's marketing mix environment

82. Which of the following best describes the effect corporate social responsibility has had on the business environment?

- a. Many firms are finding it easy to implement.
- b. It requires companies to sacrifice economic performance for the sake of their stakeholders.
- c. It does not influence competition.
- d. It may not always result in profit and growth.

83. What is the study of people's vital statistics, such as their ages, births, deaths, and locations?

- a. cultural sociology
- b. psychometrics
- c. demography
- d. ethnography

84. John and Jennifer are a married couple without children. They both work as dentists. Which of the following do they have?

- a. a high likelihood of burnout
- b. a sense of entitlement
- c. decreased time to shop
- d. increased purchasing power

85. Tommy Canon was born in 1946. He grew up in post-war Britain and lost some of his immediate family in combat. He is a low spender and cherishes family over material wealth. Which generation does Tommy belong to?

- a. Generation Xers
- b. grey markets
- c. baby boomers
- d. the baby-bust generation

86. The Canadian government now requires all consumer food packaging to indicate the level of trans-fats in products. What is this requirement an example of?

- a. a competitive environment
- b. a demographic environment
- c. a social environment
- d. a legal environment

87. Which of the following factors tends to most influence ethical decision making and judgments?

- a. probability of a harmful outcome
- b. length of time between the onset of consequences and legal action
- c. level of multiculturalism
- d. number of employees to be affected

88. Which of the following statements best describes the effect a code of ethics has on employees?
- A code helps employees avoid confusion when determining whether their decisions are ethical.
 - A code can be an effective external control on behaviour.
 - The process of formulating the code facilitates discussions that ultimately increase profits.
 - A code helps employees identify what the law recognizes to be acceptable business practices.
89. Ashley Kreeger is the director of marketing for a company that operates several assisted-living centres. The company is developing a marketing plan to cover the next five years of business. Kreeger must be sure she considers which of the following uncontrollable factors in her plan?
- place or distribution factors
 - media-buying factors
 - demographic factors
 - inventory factors
90. The main product for Zamperla Industries is gondola cars for amusement park rides and ski lifts. Its marketing department constantly monitors trends in the external environment that might affect the firm. Which economic factor may pose a major threat to this company?
- few competitors in this industry
 - technological improvements that are automating production of cars
 - a decline in disposable income
 - increasing interest in the environment and recycling
91. Which of the following statements best characterizes the theory of sustainability?
- Sustainability is an internal process in which companies match resources and objectives.
 - Sustainability is the idea that socially responsible companies will outperform their peers when they focus on the world's problems as marketing opportunities.
 - Sustainability cannot be socially responsible without a code of ethics and managerial support of that code.
 - Sustainability and ethical behaviour should never be viewed as the means of obtaining a competitive advantage.
92. In addition to social and demographic factors, marketing managers must understand and react to the economic environment. The two economic areas of greatest concern to most marketers are inflation and recession. What is the third?
- real syndicated product prices
 - inheritances
 - interest rates
 - consumers' income
93. A furniture retailer that specializes in selling entire rooms of furniture has hired you to identify 25 geographic target markets that can be described as multicultural societies. What types of locations should you offer this firm?
- cities that have historically had low immigration rates
 - geographic regions that are growing with new immigrants
 - regions that are dominated by one ethnic group and that have multiple smaller ethnic groups
 - locations in which all major ethnic groups in the area are equally represented

94. Coolsavings.com is one of the largest online distributors of in-store coupons, sales announcements, and mail-in rebates offered by national retailers and Internet commerce sites. Its marketing department keeps track of current external environmental changes. Which trends are most important for a company to understand and extremely difficult to forecast?
- demographic trends
 - economic trends
 - social trends
 - technological trends
95. What type of factors are interest rates, inflation, and consumer income that influence the marketing environment?
- economic
 - socio-demographic
 - political
 - government
96. An increase in purchasing power is usually a result of an increase in which of the following?
- gross income
 - social class
 - disposable income
 - cost of living
97. What is the primary determinant of a person's earnings?
- multiculturalism
 - lifestyle
 - education
 - the aging of the baby boomers
98. Field Entertainment was given the task of distilling 75 years of Disney Magic into a two-hour show. While the task was formidable, the company described the results as multigenerational (meaning the newly created show appeals to children, parents, and grandparents). Which factors did Field Entertainment rely heavily on to develop a new show that would be appreciated by potential audiences of all ages?
- technological
 - cultural
 - demographic
 - competitive
99. Some might say that companies such as the Body Shop and Toms Shoes have in some respects outperformed their peers by focusing on the world's social problems, solving them, and in the process making money. What else is this also known as?
- sustainability
 - philanthropy
 - cause marketing
 - creative ethics

Figure 2-3

In their desire to boost ratings, television news programs have done just about everything. One famous example is the *Fifth Estate* segment about General Motors' 1973–1987 pickup trucks, which was entitled “Waiting to Explode?” The 15-minute segment contained a short, dramatic portion that featured two side-impact tests that the *Fifth Estate* had run to purportedly demonstrate what could happen when the GM pickup trucks were struck in the side. GM sued the *Fifth Estate* alleging defamation and damage to its reputation. GM argued that the *Fifth Estate* segment was an unscientific demonstration, was inappropriate, and did not support the position that GM's trucks were defective. The *Fifth Estate* admitted that the crash was rigged and apologized to GM and the *Fifth Estate* viewers.

100. Refer to the *Figure*. By admitting its error and providing a formal apology, the *Fifth Estate* achieved which level of the pyramid of corporate social responsibility?

- a. philanthropic
- b. social
- c. ethical
- d. moral

101. What would be used to prove or disprove Goldbach's conjecture that every even integer greater than 2 can be written as the sum of two (not necessarily distinct) primes?

- a. applied research
- b. technological research
- c. data-mining research
- d. basic research

102. China's new 5-percent tax on disposable wooden chopsticks, reflecting concerns about deforestation, has been praised by environmentalists. The price increase influences which factor of the external environment of restaurant owners in China?

- a. economic
- b. technological
- c. demographic
- d. social

103. Japanese law prohibits the storage of more than 22 kilograms of explosives at any single site in the nation. Every night Universal Studios Japan hosts a fireworks display. The theme park recently came under government investigation when allegations were made that the park was detonating more than 22 kilograms of explosives in its nightly fireworks displays. If the allegations are true, then Universal Studios Japan is NOT operating at which responsibility level?

- a. legal
- b. philanthropic
- c. ethical
- d. economic

104. The Novartis Research Institute for Tropical Diseases is a not-for-profit organization that focuses on the discovery of new drugs for the treatment of neglected diseases, such as tuberculosis. Besides being good business, what else is this?

- a. mandated by local court rulings
- b. socially responsible
- c. unrelated to any ethical motivation
- d. environmental marketing

105. Colourific is a relatively new competitor for Crayola colouring products. At the beginning of the new year for elementary students, the people buying school supplies is the group Colourific wants to sell to. As which of the following would they be classified?

- a. target market
- b. buying centre
- c. mass market
- d. consumer sample

106. Shannon Ross is a sales manager for Pampered Chef, a company that sells, through parties, kitchen tools and other aids for cooking. She is very concerned about making sure her salespeople understand the importance of treating each customer fairly and developing long-term relationships with them. She asks that before a sale is made, the salesperson should make sure customers can afford the items and are not buying due to social pressures. At which stage of ethical development is Ross most likely to be?

- a. preconventional morality
- b. traditional morality
- c. conventional morality
- d. postconventional morality

107. Which group of consumers was born between 1966 and 1978?

- a. tweens
- b. yuppies
- c. cohort markets
- d. Generation X

108. If you were to ask most Canadians what they most desired to make their life easier, a surprising number of them will say more time. This feeling that there are not enough hours in a day has strongly influenced the marketing environment. What type of factor is this an example of?

- a. social
- b. economic
- c. legal
- d. demographic

109. Shabby Chic fashion boutique has responded to economic trends by placing an emphasis on improving the quality of merchandise it offers, improving customer service, and reducing its cost of goods sold. Shabby Chic is apparently dealing with which level of economic activity?

- a. depression
- b. recession
- c. inflation
- d. stagnation

110. The leading producer of shark fin soup wanted to continue selling the soup because it believes it has a responsibility to its investors to be profitable. Which responsibility level is the soup manufacturer operating at?

- a. legal
- b. philanthropic
- c. ethical
- d. economic

111. Laws and regulations of various governments and their ongoing development and change are part of all organizations' external environment. Which type of factors are they an example of?
- economic investment
 - political and legal
 - research and development
 - competitive
112. Lately McDonalds has been very concerned about ensuring their menu also includes healthy items like salads and fruit. Consumer preference for low-carb diets has greatly modified the way food is being marketed. Which issues has the company been trying to react to?
- economic
 - social
 - technological
 - demographic
113. What do self-sufficiency, upward mobility, and conformity have in common?
- They are no longer valued attitudes.
 - They are attitudes that can easily be changed.
 - They are three perceptions that Canadians have of the Asian lifestyle.
 - They are three of the core values that have influenced lifestyles in North America.
114. A human resources manager is creating a code of ethics for the employees of the retirement home she works for. Which of the following is an ethics principle she should keep in mind as she creates this code?
- The principles should not upset current retirement home workers and future job applicants.
 - The principles should be fair to administrative staff.
 - The principles of the code should be a result of input from senior management.
 - Principles can deviate from common practices because of the prestigious nature of the facility.
115. Younger baby boomers who are still employed are facing financial challenges due to which of the following?
- They love buying new technology.
 - They have lower debt.
 - They have had slow growth in their salaries.
 - They have to support their grown children.
116. What are the four components of the pyramid of corporate social responsibility?
- sustainability, creativity, profit, and culture
 - economic, legal, ethical, and philanthropic
 - organizational, financial, social, and cultural
 - sustainability, legality, creativity, and competition

Figure 2-2

Thani Jambulingham wants to open a restaurant that features the finest in Indian and Middle Eastern delicacies. To determine the feasibility of his restaurant, he hired FoodFacts marketing research consultants. The experts at FoodFacts studied all the market information available and determined that consumers aged 30 to 45 who love

spicy cuisine were most interested in the proposed restaurant. In examining the restaurant environment, FoodFacts researchers found the west side of the city offered the best options for opening the restaurant. Jambulingham was told the biggest obstacle in opening the restaurant related to obtaining the necessary permits from the city and province.

117. Refer to the Figure. The uncontrollable environmental factors Jambulingham faces in terms of obtaining permits for the new restaurant represent which factors?

- a. economic
- b. political and legal
- c. research and development
- d. demographic

118. For every home built by Habitat for Humanity, Whirlpool Corporation has given and continues to give free kitchen appliances to the deserving family. This donation of appliances is an example of how companies assume which of the following?

- a. corporate social responsibility
- b. ethical conveyance
- c. a duty to engage in cause marketing
- d. a right to engage in third-world marketing

119. As technology continues to offer more methods for shopping on the Internet, manufacturers and traditional retailers are finding themselves in direct competition with each other. In this case, manufacturers and retailers cannot intelligently plan for the future unless marketing managers understand which of the following?

- a. their competitive advantage
- b. the latest technological innovations
- c. how consumers are assimilating new technology
- d. their core competences

120. Maple Gas and Electric (MG&E) Company has donated almost \$300,000 to provincial governments and community-based organizations for local economic development projects. This sort of donation indicates MG&E was operating at which responsibility level?

- a. legal
- b. philanthropic
- c. ethical
- d. economic

121. Frito-Lay is considered the king of the salty snack industry with its distribution network of 42 plants, 12,800 delivery people, and more than 900 tractor-trailers formed into a retail delivery powerhouse. Smaller manufacturers of salty snacks find that monitoring the activities of Frito-Lay is an effective way to monitor which factors within their external environments?

- a. bureaucratic
- b. marketing mix
- c. competitive
- d. social

122. A target market is best characterized by which of the following statements?

- a. Target markets will remain stable over time, considering economic climates.
- b. Target markets change over time as consumers drop in or out of the market, and as tastes change.

- c. Target markets are not strongly affected by changes in the external environment.
- d. Target markets cannot be specifically defined according to age, income, or location because these factors are continually changing.

123. What is the term for a defined group that managers believe is most likely to buy a firm's product?

- a. target market
- b. buying centre
- c. aggregated unit
- d. demographic sample

124. When planning marketing strategies during times of recession, marketers must be aware that recession causes consumers to do which of the following?

- a. to put more money into savings accounts because prices are too high
- b. to consume more meals away from home
- c. to buy in small quantities until inflation is over
- d. to decrease their brand loyalty to products they have traditionally used

Figure 2-3

In their desire to boost ratings, television news programs have done just about everything. One famous example is the *Fifth Estate* segment about General Motors' 1973–1987 pickup trucks, which was entitled "Waiting to Explode?" The 15-minute segment contained a short, dramatic portion that featured two side-impact tests that the *Fifth Estate* had run to purportedly demonstrate what could happen when the GM pickup trucks were struck in the side. GM sued the *Fifth Estate* alleging defamation and damage to its reputation. GM argued that the *Fifth Estate* segment was an unscientific demonstration, was inappropriate, and did not support the position that GM's trucks were defective. The *Fifth Estate* admitted that the crash was rigged and apologized to GM and the *Fifth Estate* viewers.

125. Refer to the *Figure*. The *Fifth Estate* believed that it had an obligation to its viewers to warn them about the possible defects in GM pickup trucks. Which level of morality is the *Fifth Estate* operating at?

- a. conventional
- b. social
- c. pre-conventional
- d. post-conventional

Figure 2-2

Thani Jambulingham wants to open a restaurant that features the finest in Indian and Middle Eastern delicacies. To determine the feasibility of his restaurant, he hired FoodFacts marketing research consultants. The experts at FoodFacts studied all the market information available and determined that consumers aged 30 to 45 who love spicy cuisine were most interested in the proposed restaurant. In examining the restaurant environment, FoodFacts researchers found the west side of the city offered the best options for opening the restaurant. Jambulingham was told the biggest obstacle in opening the restaurant related to obtaining the necessary permits from the city and province.

126. Refer to the *Figure*. What is the term for the group of consumers identified by FoodFacts as most likely to visit the new restaurant?

- a. target market
- b. buying centre
- c. mass market

d. consumer cluster

127. Which of the following is the most accurate description of the external environment?

- a. can be controlled in much the same manner as the internal marketing mix
- b. cannot be influenced by marketing managers
- c. only changes very slowly over time
- d. must be continually monitored by marketing managers

128. Quaker Oats and other cereal manufacturers have developed what they call “breakfast-with-one-hand” products, which are breakfast bars and drinks that can be consumed on the way to work without leaving any mess. This type of food that can be eaten on the go is largely the result of changes in which factors?

- a. natural environmental
- b. demographic
- c. technological
- d. social

129. What are the number of firms a company must face, the relative size of these firms, and the degree of interdependence within the industry all part of?

- a. its demographic environment
- b. its economic environment
- c. its political environment
- d. its competitive environment

130. In the future, electrical power may come from quantum nucleonics, a form of nuclear power that produces no residual radiation. The ability to use this form of power will require equipment adaptations, but it will solve the world’s need for clean and efficient power. Companies that replace inefficient sources of power with quantum nucleonics only after they are required to by the government are operating at which responsibility level?

- a. legal
- b. philanthropic
- c. ethical
- d. economic

131. What environmental factors are concerned with the changes in people’s values, lifestyles, and family roles?

- a. social
- b. economic
- c. political
- d. demographic

132. What is measured by comparing the relative cost of a standard of goods and services in different geographic areas?

- a. gross individual profit
- b. purchasing power
- c. net profit
- d. relative pricing

133. How is corporate social responsibility defined?

- a. as the belief that the legal system defines ethical behaviour
- b. as the development of inclusive codes of ethics
- c. as the rules by which social rewards are attained
- d. as the concern for social welfare by businesses

134. You are a marketing consultant to a firm that would like to target members of Generation X. Which of the following would you advise it to do?

- a. Emphasize freedom from work and commitment.
- b. Develop a personal service that will appeal to these time-poor consumers.
- c. Avoid topics dealing with materialistic possessions.
- d. Emphasize the baby-boom culture.

135. Teresa Bilodeau is currently researching gaps in cellular technology, with an aim of expanding knowledge in this industry. What type of research is she undertaking?

- a. technical research
- b. reactive research
- c. applied research
- d. basic research

Figure 2-3

In their desire to boost ratings, television news programs have done just about everything. One famous example is the *Fifth Estate* segment about General Motors' 1973–1987 pickup trucks, which was entitled "Waiting to Explode?" The 15-minute segment contained a short, dramatic portion that featured two side-impact tests that the *Fifth Estate* had run to purportedly demonstrate what could happen when the GM pickup trucks were struck in the side. GM sued the *Fifth Estate* alleging defamation and damage to its reputation. GM argued that the *Fifth Estate* segment was an unscientific demonstration, was inappropriate, and did not support the position that GM's trucks were defective. The *Fifth Estate* admitted that the crash was rigged and apologized to GM and the *Fifth Estate* viewers.

136. Refer to *the Figure*. *The Fifth Estate* apologized and concluded that "unscientific demonstrations should have no place in hard news stories at the *Fifth Estate*. That's our new policy." Where should this new policy be incorporated?

- a. into *Fifth Estate*'s legal standards
- b. into *Fifth Estate*'s code of ethics
- c. into *Fifth Estate*'s guidelines
- d. into *Fifth Estate*'s governances

137. The scientists at Motorola want to create Iridium, a constellation of 66 satellites that will offer telephone services anywhere on the globe. What is this an example of?

- a. technical research
- b. transactional research
- c. applied research
- d. synergistic research

138. Marketing managers create a marketing mix of product, place, promotion, and price strategies aimed at a target market. While managers can control the mix, they cannot control the elements in the external

environment that continually mould and reshape the target market. List six variables of the external environment that are not directly under the control of marketing managers.

139. For every home built by Habitat for Humanity, Whirlpool Corporation has given and continues to give free kitchen appliances to the deserving family. After giving the appliances with no promotion, Whirlpool began talking about its philanthropy in its advertising campaigns. Is this unethical behaviour according to the pyramid of social responsibility?

140. Miracle Sealant Company is a business that makes and sells environmentally safe products to preserve the beauty of tile and stone used on floors, in bathrooms, and on kitchen countertops. Assume Miracle Sealant is operating in an economic recession. What three marketing strategies can it use to survive this decline in economic activity? Give examples of specific actions the company can take for each of the strategies.

141. Describe inflation and recession. Present a marketing strategy that would allow a company to continue operating in an inflationary period and in a recessionary period.

142. A recent study of marketing professionals found their ethical judgments were influenced by several factors. List four of these factors. How do these factors contribute to the ethical environment of a marketing organization?

143. What is a component lifestyle? Describe how a college student follows a component lifestyle. Use specific examples.

144. According to Celia Moore, an IBM corporate manager, corporate social responsibility is “a core business issue for IBM.” What does she mean by this statement?

145. You are a young entrepreneur who has recently received a multimillion-dollar research grant for studying ways to improve urban life. Discuss the difference between basic and applied research, and give specific examples of each type of research your new company will conduct.

146. Describe the pyramid of corporate social responsibility. Include a description of the pyramid theory and all of its components.

147. One component of the external environment marketing managers must understand and react to is the economic environment. Briefly describe the four economic areas of greatest concern to marketers and the marketing implications of trends in these four areas.

148. What are baby boomers? Also what is the difference between older and younger baby-boomers?

149. Define multiculturalism and discuss its impact on the marketing function.

150. An organization is not completely at the mercy of the external environmental. Give an example how a whisky distillery might use environmental management.

151. What is environmental scanning? Give an example of an opportunity and a threat that environmental scanning might identify for a suntan lotion company.

152. You are an ethics consultant, and a group of managers have asked you for some guidelines to determine the ethicality of a decision. You tell the managers that one cannot guarantee the rightness of a decision, but a checklist can improve the chances of a decision being ethical. What are six questions you would tell the managers to put on this checklist?

Answer Key

1. True
2. False
3. True
4. False
5. True
6. False
7. True
8. True
9. False
10. False
11. False
12. True
13. True
14. True
15. False
16. True
17. False
18. True
19. True
20. True
21. False
22. False
23. True
24. c
25. a
26. c
27. b

28. a

29. a

30. a

31. c

32. b

33. a

34. a

35. c

36. a

37. a

38. c

39. b

40. b

41. d

42. b

43. d

44. b

45. c

46. d

47. b

48. a

49. c

50. c

51. c

52. a

53. a

54. c

55. b

56. a

57. b

58. b

59. c

60. b

61. b

62. d

63. b

64. d

65. c

66. b

67. c

68. b

69. b

70. b

71. a

72. c

73. b

74. d

75. c

76. a

77. d

78. c

79. b

80. d

81. a

82. d

83. c

84. d
85. c
86. d
87. a
88. a
89. c
90. c
91. b
92. d
93. d
94. c
95. a
96. c
97. c
98. c
99. a
100. c
101. d
102. a
103. a
104. b
105. a
106. d
107. d
108. a
109. b
110. d
111. b

112. b

113. d

114. a

115. d

116. b

117. b

118. a

119. c

120. b

121. c

122. b

123. a

124. d

125. a

126. a

127. d

128. d

129. d

130. a

131. a

132. b

133. d

134. b

135. d

136. b

137. c

138. · Demographics

· Technology

· Competition

- Social change
- Economic conditions
- Political and legal factors

139. Students should understand that economic performance is the foundation of the pyramid. If Whirlpool's advertising of its donations increases profit, then it is not wrong. The company has not abandoned its efforts to improve the quality of life.

140. Student answers should include:

Miracle Sealant can improve its existing products by offering promotional videos for do-it-yourselfers. It can add new products to its product lines, such as grout, brushes, and paint specifically designed for use on tile and stone.

The company can maintain and expand its customer service by offering financial incentives to its retailers to order more or by extending more credit.

The company can emphasize top-of-the-line products and promote product value. It can emphasize the fact that its products are not harmful to the environment.

141. Inflation is a measure of the decrease in the value of money, expressed as the percentage reduction in value since the previous year. It may result in decreased purchasing power. Marketers should be aware brand loyalty will decrease, and consumers will tend to stock up. This means short-term promotions (coupons and sales) will be effective. Additionally, marketers should carefully evaluate pricing strategies because consumers will try to make the most economical purchases possible.

A recession is a period of economic activity when income, production, and employment tend to fall, all of which reduce demand. Marketers can try to improve existing products, because a recession increases demand for products and services that (1) are economic and efficient, (2) offer value, (3) help organizations streamline practices/procedures, and (4) improve customer service. Marketers can also offer replacement parts to postpone purchasing new equipment and materials. Finally, marketers should stabilize prices and promote the product's value.

142. Ethical judgments were influenced by these factors:

1. *The extent of ethical problems within the organization:* The healthier the ethical environment, the greater the likelihood that marketers will take a strong stand against questionable practices.
2. *Top-management actions on ethics:* Top management can have a profound influence on the ethical behaviour of marketing professionals by performing actions that encourage ethical behaviour or discourage unethical behaviour. Setting an example communicates an ethical philosophy.
3. *Potential magnitude of the consequences:* The greater the harm, the more likely marketers will recognize that the action is unethical.
4. *Social consensus:* The greater the degree of agreement among other marketers that an action is harmful, the more likely that marketers will recognize it as unethical.
5. *Probability of harmful outcomes:* Higher probabilities of harmful outcomes mean that marketers are more likely to realize that the actions are unethical.
6. *Length of time between the decision and the onset of consequences:* The shorter the time frame between the action and the onset of negative consequence, the more likely the marketer is to realize it was unethical.

7. *Number of people to be affected:* The more people affected by a negative outcome, the more likely that marketers will recognize the decision as unethical.

143. Component lifestyles mean that citizens are choosing products and services that meet diverse needs and interests rather than conforming to traditional stereotypes. Component lifestyles increase the complexity of consumers' buying habits.

Although the stereotypical student adopts a "student lifestyle" and makes purchases related to this lifestyle (textbooks, school supplies, pizzas, and so on), each student may also purchase according to alternative lifestyles. These may include hobbies, outside jobs, a family situation, or other interests. The student may also be a gourmet cook, fitness enthusiast, skier, or computer buff.

144. Corporate social responsibility is the concern of business for social welfare. This concern is demonstrated by managers who consider the long-range best interests of the company and the company's relationship to the society within which it operates. Moore simply means all IBM managers realize that being socially responsible is good business, and all are committed to this mission.

145. Basic research (or pure research) attempts to expand the frontiers of knowledge but is not aimed at a specific, pragmatic problem. This type of research would explore broad issues of defining the good and bad points of life in Canada. This research could also explore values as well as social or demographic change, or issues in any of the variables of the external environment. Applied research attempts to develop new or improved products. Students could provide specific examples of products that can help improve life in Canada, such as solar cars, energy-efficient or nonpolluting motors, products that work faster to save time, or nonfat products to save calories. Many products would be high-tech in nature.

146. The pyramid of corporate social responsibility portrays four kinds of responsibility: economic, legal, ethical, and philanthropic. Economic performance is the foundation for the structure, because if the company does not make a profit, then the other three responsibilities are moot. While maintaining a profit, business is expected to obey the law, do what is ethically right, and be a good corporate citizen.

- Philanthropic responsibilities are to be a good corporate citizen, contribute resources to the community, and improve the quality of life.
- Ethical responsibilities are to be ethical; to do what is right, just, and fair; and to avoid harm.
- Legal responsibilities are to obey the law, which is society's codification of right and wrong, and play by the rules of the game.
- Economic responsibilities are to be profitable; because profit is the foundation on which all other responsibilities rest.

147. *Rising incomes:* Incomes are rising in Canada, primarily due to dual-income families. Increases in disposable and discretionary income allow families and individuals to afford the "good life." Marketers can now concentrate efforts on higher-quality, higher-priced goods and services.

Purchasing power: This is also known as the cost of living. When income is higher than the cost of living, people have more discretionary income to spend on nonessential items.

Inflation: In recent years, Canada has not experienced high inflation; instead, prices do not rise quickly, employment levels are high, and purchasing power is up. Again, this allows marketers to concentrate efforts on higher-priced goods and services. During periods of inflation, marketers should be aware that brand loyalty decreases and consumers stock up on bargain products; consequently, pricing strategies should be monitored carefully.

Recession: This period of economic activity is when income, production, and employment fall, which reduces demand. Marketers can counter these effects with value-improved products, customer service, replacement parts, and price freezes.

148. Baby boomers are defined as people born between 1947 and 1965. They are the largest demographic segment in the population today, but their influence varies depending upon further segmentation within the baby boomer segment. In general, baby boomers are active and affluent, but a subsegment of boomers worry about the future and their own financial security. Many retired boomers suffered major losses to their retirement saving during the financial crisis of 2008 started in the banking sector. Younger baby boomers who are still employed are facing financial challenges due to high debt, reduced incomes and having to support their adult children still struggling to be self-sufficient after the recession years.

149. A multicultural society is characterized by two or more large racial and ethnic groups as opposed to one dominant racial or ethnic group. Multiculturalism occurs when all ethnic groups in an area are roughly equally represented. It means that various ethnic groups can no longer be expected to assimilate into existing national culture. This means that marketers must create specialized programs to target specific ethnic groups. From a marketing perspective, multiculturalism increases the complexity of the marketing function. Demand for goods and services will often be culture-driven. Within the large ethnic markets, the marketing mix will be further complicated by many submarkets.

150. When a company implements strategies that attempt to shape the external environment within which it operates, it is engaging in environmental management. For example, extensive political lobbying may influence laws that affect domestic legal restrictions, international competition, or product acceptance. Working together in trade associations would allow the company to influence the competitive environment. Developing new drinks might modify its social environment.

151. Environmental scanning occurs when a company creates a team of specialists to collect and evaluate environmental information. This process allows marketing managers to understand the external environment so that plans for the future can be made. The objective of gathering environmental data is to identify future market opportunities and threats.

Threats that might be identified for a suntan lotion company include fear of skin cancer by sunbathers, other health concerns, or lack of leisure time to spend in the sun. Opportunities might include the need for sun-blockers, waterproof formulas, or children's skin protection products. Another opportunity might be the status element associated with a tan.

152. Examples include:

Does my decision treat me or my company as an exception to a common practice or convention?

Do I think I have the authority to break a rule?

Would I offend customers by telling them about my decision?

Would I offend qualified job applicants by telling them about my decision?

Have I made this decision without input from others, so important issues might be overlooked?

Does my decision benefit one person or group but hurt or not benefit other individuals or groups?

Will my decision create conflict between people or groups in the company?

Will I have to pull rank (use coercion) to enact my decision?

Would I prefer to avoid the consequences of this decision?

Did I avoid truthfully answering any of the above questions by telling myself that I could get away with it?