

Chapter 2 - The Marketing Environment, Social Responsibility, and Ethics

1. What is the term for a defined group that managers believe is most likely to buy a firm's product?
- target market
 - buying centre
 - aggregated unit
 - demographic sample

ANSWER: a

2. Dan Strong is a personal trainer who 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 terms describes this group?
- target market
 - buying centre
 - aggregated unit
 - consumer cluster

ANSWER: a

3. A target market is best characterized by which of the following statements?
- Target markets will remain stable over time, considering economic climates.
 - Target markets change over time as consumers drop in or out of the market, and as tastes change.
 - Target markets are not strongly affected by changes in the external environment.
 - Target markets cannot be specifically defined according to age, income, or location because these factors are continually changing.

ANSWER: b

4. Colourific is a new competitor for Crayola colouring products. Elementary school students are the group Colourific wants to sell to. How would they be classified?
- as a target market
 - as a buying centre
 - as a mass market
 - as a consumer sample

ANSWER: a

5. Which of the following is an element of a competitive environment?
- innovation and risk taking
 - the degree of interdependence within the industry
 - the consumer's income
 - consumers' varied demographic characteristics

ANSWER: b

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6. Which of the following best defines competition?

- a. developing goods and services to sell
- b. purchasing goods and services to consume
- c. evaluating goods and services to rival
- d. developing goods and services to sell

ANSWER: c

7. What is a difference between company and competition?

- a. the analysis of the external departments rather than the analysis within
- b. the understanding of the customers rather than the rivalry
- c. the understanding of the social environment rather than the analysis of others
- d. the analysis of the internal departments rather than the analysis of the external departments

ANSWER: d

8. Tony works for a company that is having a hard time competing in the market. Tony really wants to stand out with in his organization to further his career in marketing. Which of the following strategies should Tony pursue to better understand the macro environment around his company?

- a Tony should study and analyze the competition to understand how his company differs from everyone else so that he can pinpoint the fallout of his company.
- b Tony should study and analyze the technological environment that is used to understand how his company differs from everyone else so that he can pinpoint the fallout of his company.
- c Tony should study and analyze the consumer to understand how his company differs from everyone else so that he can pinpoint the fallout of his company.
- d Tony should study and analyze the social environment that is used to understand how his company differs from everyone else so that he can pinpoint the fallout of his company.

ANSWER: a

9. Japanese law prohibits the storage of more than 22 kilograms of explosives at any single site. Every night Universal Studios Japan hosts a fireworks display. Universal Studios recently came under government investigation when it was found out they were detonating more than 22 kilograms of explosives. In Japan, the use of explosives is strongly controlled. Which of the following factors are affecting Universal Studios Japan in this example?

- a. competitive factors
- b. regulatory factors
- c. economic factors
- d. technological factors

ANSWER: b

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10. 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

ANSWER: d

11. Almost any product in India, from tap water to milk, has traces of toxins, due to the overuse and misuse of insecticides. But the government expects multinational corporations (MNCs) operating in India to produce food that is toxin-free. In this example, which factors are influencing the operating environments of MNCs?

- a. demographic and technological factors
- b. regulatory and technological factors
- c. pricing and social factors
- d. economic and behavioral factors

ANSWER: b

12. When Universal Studios Japan opened, health inspectors discovered they had piped industrial-use water not suitable for drinking into the drinking fountains. The problem was costly to repair. In this example, which of the following factors are responsible for the repair costs?

- a. social factors
- b. economic factors
- c. political and regulatory factors
- d. cultural factors

ANSWER: c

13. Laws and requirements 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?

- a. economic investment factors
- b. political and regulatory factors
- c. research and development factors
- d. competitive factors

ANSWER: b

14. Marketers must react to the economic environment. What are three economic areas of greatest concern?

- a. education, roles in families, income levels
- b. incomes, inflation, education
- c. incomes, inflation, and recession
- d. education, demographics, and recession

ANSWER: c

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15. What happens when disposable income rises?

- a. Families can't afford the "good life."
- b. Families can afford the "good life."
- c. Families go into more debt.
- d. Families travel more.

ANSWER: b

16. What was the median total family income in Canada in 2014?

- a. \$80,000
- b. \$65,000
- c. \$78, 870
- d. \$87,780

ANSWER: c

17. What does the median total family income mean?

- a. that a quarter of families earn less and the other quarter earn more
- b. that a third of families earn less and the other third earn more
- c. that half of all Canadian families earn less and the other half earn more
- d. that Canadian families have a good income level

ANSWER: c

18. What is the primary determinant of a person's earning potential?

- a. a good paying job
- b. a good family background
- c. education
- d. work experience

ANSWER: c

19. Martha visits a department store and discovers that a box of exotic candles will cost her 10 percent more than what she had paid six months ago. The increase in prices is same across the country. Which of the following best describes the situation?

- a. She will have immediate purchasing power if she had a pay raise to match the inflation.
- b. She has to pay twelve percent more than what she paid last month.
- c. The departmental store is trying to earn profits by increasing the prices of its goods.
- d. The candles' subjective value increases with the increase in inflation.

ANSWER: a

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20. What is the primary determinant of a person's earnings?

- a. multiculturalism
- b. lifestyle
- c. education
- d. the aging of the baby boomers

ANSWER: c

21. Sally wants to buy a Louis Vuitton bag. What is the most important factor that marketers need to know about Sally?

- a. Sally's education
- b. Sally's willingness to buy
- c. Sally's ability to buy
- d. Sally's income level

ANSWER: d

22. How does a higher education assist the Canadian society?

- a. Marketers know where to target their goods and services.
- b. Marketers can better understand their customers.
- c. It reduces fear in the marketplace.
- d. It reduces low income and unemployment.

ANSWER: d

23. What do businesses need to consider when they want to build a high-end store?

- a. areas that have good traffic
- b. good neighbourhoods
- c. close to universities and colleges
- d. areas of high income

ANSWER: d

24. How much does 25.2 percent of households spend on shelter?

- a. 30 percent
- b. more than 30 percent
- c. 45 percent
- d. more than 45 percent

ANSWER: b

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25. How much has the median income for Canadian household risen since the 1990s?

- a. It has risen more than the median household spending.
- b. It has risen less than the median household spending.
- c. It hasn't changed.
- d. It has risen 35 percent.

ANSWER: b

26. Interest rates, inflation, and consumer income influence the consumer spending. What type of factors are they?

- a. economic factors
- b. socio-demographic factors
- c. political factors
- d. government factors

ANSWER: a

27. Which of the following usually leads to an increase in purchasing power?

- a. an increase in gross income
- b. an increase in social class
- c. an increase in disposable income
- d. an increase in the cost of living

ANSWER: c

28. China's new 5 percent tax on disposable wooden chopsticks has been praised by environmentalists. Which of the following factors of the external environment of restaurant owners in China are influenced by this price increase?

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

ANSWER: a

29. What is measured by comparing income to the cost of goods and services in different geographic areas?

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

ANSWER: b

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30. When income is high relative to the cost of living, what will consumers have?
- a. more discretionary income
 - b. more incentive to buy luxury items
 - c. less incentive to buy luxury goods and services
 - d. significantly less disposable income

ANSWER: a

31. 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 point

ANSWER: a

32. 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

ANSWER: d

33. What factors does the Cost-of-Living index take into account?
- a. housing and essentials
 - b. housing and cell phone costs
 - c. costs of housing, food, and groceries
 - d. education and travel

ANSWER: c

34. What is it called when income is high relative to the cost of living?
- a. money to enjoy
 - b. discretionary income
 - c. time to save your money
 - d. inflation

ANSWER: b

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35. When can consumers feel that they can enjoy an expensive meal out?

- a. when inflation is high
- b. when they have discretionary money to spend
- c. when they have paid off their student loans
- d. when they have disposal income

ANSWER: b

36. What is the definition of inflation?

- a. a measure of the decrease in the value of money
- b. when prices have lowered
- c. what the government does to make consumers unhappy
- d. when prices have increased

ANSWER: a

37. What should consumers do during a time of inflation?

- a. spend more money
- b. make better economical purchases
- c. stop shopping
- d. buy products in smaller quantities

ANSWER: b

38. James lost his job in garment sales due to falling customer orders in Canada. Most business sectors have been hit by falling demand and low consumer confidence. Which economic trend is Canada currently experiencing?

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

ANSWER: c

39. Rising incomes don't necessarily mean a higher standard of living. What are increased standards of living are a function of?

- a. depression
- b. recession
- c. inflation
- d. purchasing power

ANSWER: d

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40. Which of the following strategies will marketers 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

ANSWER: b

41. Which of the following is sometimes an effective weapon for fighting inflation and recession?

- a. increasing store brands
- b. line extensions
- c. increased capital gains taxes
- d. introduction of new product lines

ANSWER: a

42. Which of the following is a good example of an environmental factor?

- a. a changing economy
- b. wildfires or other disasters
- c. consumers losing faith in their favourite brands
- d. loss of jobs

ANSWER: b

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

- a. factors that can be controlled by the business
- b. factors that cannot be influenced by marketing managers
- c. factors that only change very slowly over time
- d. factors that must be continually monitored by marketing managers

ANSWER: d

44. Which of the following is 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

ANSWER: b

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45. What are the social factors that marketing managers need to understand?

- a. opportunities and lifestyles
- b. threats and strengths
- c. demographics and attitudes
- d. opportunities and values

ANSWER: c

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

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

ANSWER: c

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

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

ANSWER: a

48. 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 North 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 factors
- b. competitive factors
- c. technological factors
- d. social factors

ANSWER: d

49. 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 dropped. The popularity of this soup in Thailand represents which of the following factors?

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

ANSWER: c

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50. 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?

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

ANSWER: c

51. McDonalds has been very concerned about including healthy items like salads and fruit on their menu. 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?

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

ANSWER: b

52. 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 factors
- b. demographic factors
- c. technological factors
- d. social factors

ANSWER: d

53. What are the four basic Canadian values?

- a. respect, faith, family, fairness
- b. self-sufficiency, upward mobility, work ethic, fairness
- c. family, friends, overcoming challenges, fun
- d. finances, future, fun, fitness

ANSWER: b

54. What do self-sufficiency, upward mobility, and conformity have in common?

- a. They are no longer valued attitudes.
- b. They are attitudes that can easily be changed.
- c. They are three perceptions that Canadians have of the Asian lifestyle.
- d. They are three of the core values that have influenced lifestyles in North America.

ANSWER: d

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55. 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

ANSWER: c

56. Donny loves to hunt, write poetry, paint, and practise 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

ANSWER: b

57. More and more people are piecing together a variety of interests, products, and services, and are not conforming to traditional stereotypes. What are they enjoying?

- a. well-defined segments
- b. component lifestyles
- c. simple multipurpose products
- d. conformity and cohesiveness

ANSWER: b

58. Donna is a college teacher, 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 Donna?

- a. as fitting into a caregiver segment
- b. as a person who is hard to market to
- c. as not belonging to any target market
- d. as having a component lifestyle

ANSWER: d

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

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

ANSWER: c

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60. How does the Vanier Institute of Family define the family of today?

- a. one or two people living together
- b. two or more persons who are bound together by ties of mutual consent, birth/or adoption
- c. a married man and wife with children
- d. unmarried man and wife without children

ANSWER: b

61. How does the Vanier Institute of the Family define the family today?

- a. as having not a lot of diversity
- b. as having two parents raising children
- c. as having grandparents living in the same house
- d. as any combination of two or more persons who are bound together over time by ties of mutual consent

ANSWER: d

62. According to the text, what is one of the trends in families today?

- a. Adult children can't wait to move out of the house.
- b. Adult children are not getting married as they did in the past.
- c. Adult children are returning to live with their parents.
- d. Adult children are having to look after their parents and grandparents.

ANSWER: c

63. Which of the following do most families want?

- a. more social status
- b. less stress and more money
- c. more time and money
- d. more family time

ANSWER: c

64. According to the textbook, how do marketers need to react to the changing family trends?

- a. They need to make purchasing easier.
- b. They need to update their social media and informational sites.
- c. They need to have good online return policies.
- d. They need to communicate with consumers several times a day via social media.

ANSWER: b

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65. Why have some grocery stores added online shopping to their offerings?
- because some people find it more efficient to shop online
 - because it is another feature for the store
 - because time is more important to many customers than shopping is
 - to compete in the marketplace

ANSWER: c

66. Zimmer Centralpulse is the world's largest producer of replacement hips and knees. 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 factors
 - culture
 - demography

ANSWER: d

67. Ashley 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. Which of the following uncontrollable factors must Ashley be sure to consider in her plan?
- place or distribution factors
 - media-buying factors
 - demographic factors
 - inventory factors

ANSWER: c

68. What do we call the study of people's vital statistics, such as their ages, births, deaths, and locations?
- cultural sociology
 - psychometrics
 - demography
 - ethnography

ANSWER: c

69. Which of the following is a demographic characteristic of a population?
- retirement income level
 - volunteering
 - values
 - ethnicity

ANSWER: d

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70. Field Entertainment was given the task of editing 75 years of Disney Magic into a two-hour show. While the task was challenging, 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 enjoyed by all ages?

- a. technological factors
- b. cultural factors
- c. demographic factors
- d. competitive factors

ANSWER: c

71. What is a characteristic of Generation Z?

- a. trendy
- b. unconventional
- c. special and unique
- d. difficult to market to

ANSWER: c

72. When was Generation Z born?

- a. 2010–2015
- b. 1995–2009
- c. 1980–1994
- d. 1965–1979

ANSWER: b

73. What is the other name of Generation Z?

- a. teenagers
- b. snowflakes
- c. teens
- d. Millennials

ANSWER: b

74. 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?

- a. members of Generation X
- b. a cohort generation
- c. tweens
- d. members of Generation Y

ANSWER: c

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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 want to be fashionable?

- a. members of Generation X
- b. a cohort generation
- c. members of Generation Z
- d. members of Generation Y

ANSWER: c

76. Which of the following best characterizes Generation Y?

- a. Its members are people who were born between 1979 and 2000.
- b. It is smaller than Generation X.
- c. Its members are pressed for time and spend more on personal services than any other age group.
- d. It is the first generation of latchkey kids.

ANSWER: a

77. Ryan has grown up in a generation where there is an importance placed on social responsibility. Which group does Ryan most likely belong to?

- a. Generation Xers
- b. the cohort generation
- c. the baby-bridging generation
- d. Generation Yers

ANSWER: d

78. Carissa 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. because Gen-Yers don't have a style that they prefer
- b. because Gen-Yers are more multicultural
- c. because Gen-Yers are the children of the baby boomers, and echo boomers
- d. because Gen-Yers demographically will be the next large group of consumers

ANSWER: d

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

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

ANSWER: d

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80. 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.

ANSWER: b

81. Tommy Canon was born in 1946. He grew up in post-war Britain and lost some of his immediate family in combat. He doesn't spend much and cherishes family over material wealth. Which generation does Tommy belong to?

- a. Generation X
- b. grey market
- c. baby boomers
- d. baby-bust generation

ANSWER: c

82. What is the largest demographic segment in Canada?

- a. Generation Z
- b. Generation X
- c. baby boomers
- d. baby bust

ANSWER: c

83. What does the generation in their 50s enjoy the most?

- a. better health
- b. financial stability
- c. lots of children
- d. travel

ANSWER: a

84. According to a study by Nielsen Research, which of the following will most likely happen over the next decade with regards to household size?

- a. Canadian households will be smaller.
- b. Canadian households will have several generations living under the same roof.
- c. Canadian households will be larger in size than they are in 2017.
- d. Canadian households will enjoy financial stability.

ANSWER: a

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85. Many younger baby boomers who are still employed are facing financial challenges. Which of the following is the most likely cause of these challenges?

- a. They love buying new technology.
- b. They have lower debt.
- c. They have had slow growth in their salaries.
- d. They have to support their grown children.

ANSWER: d

86. How is a multicultural society characterized?

- a. by a population of recent immigrants who are closely related by custom and tradition
- b. by a group 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

ANSWER: c

87. What percentage of Canadians are living in urban centres?

- a. 52%
- b. 65%
- c. 75%
- d. 82%

ANSWER: d

88. 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?

- a. cities that have historically had low immigration rates
- b. geographic regions that are growing with new immigrants
- c. regions that are dominated by one ethnic group and that have multiple smaller ethnic groups
- d. locations in which all major ethnic groups in the area are equally represented

ANSWER: d

89. Which of the following best characterizes how marketers are dealing with the changing demographics in Canada today?

- a. Marketers are modifying products to appeal to different ethnicities.
- b. Marketers are mainly focusing on the aging baby boomers.
- c. Marketers are making separate ethnic ads for the same products.
- d. Marketers are advertising more to appeal to the sandwich generation.

ANSWER: a

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90. According to *The National Post*, in 2012, what foreign language was spoken by 20 percent of Canada's population at least periodically?

- a. Punjabi
- b. French
- c. Chinese
- d. Indian

ANSWER: c

91. The *National Post* published the results of a report that found that in 2012, 20 percent of Canada's population spoke a foreign language. What language was it?

- a. French
- b. Chinese
- c. Punjabi
- d. Cantonese

ANSWER: b

92. What do marketers have to do to attract ethnic markets?

- a. focus on the needs of the various markets
- b. continue to use English in their advertising to target them
- c. add the French language to all their advertising
- d. focus on the needs of the Chinese market

ANSWER: a

93. Many young people can speak a variety of languages. What impact will this have in the marketplace in future?

- a. They will want to access information on the Internet in a variety of languages.
- b. They will be challenging to market to.
- c. They will do their shopping online.
- d. They will want culturally specific websites to engage with.

ANSWER: d

94. Which of the following is an external factor?

- a. where advertising is placed
- b. technological factors
- c. the sales force
- d. the distribution strategy

ANSWER: b

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95. Which of the external environmental forces is the fastest changing, and has, perhaps, the most significant impact on businesses?

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

ANSWER: a

96. 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

ANSWER: d

97. What type of research attempts to expand the frontiers of knowledge but is not aimed at a specific, pragmatic problem?

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

ANSWER: d

98. 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

ANSWER: b

99. What type of research attempts to develop new or improved products?

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

ANSWER: d

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100. What is one of the Fast Company's Top Twelve Tech Trends of 2017?

- a. changing technologies
- b. autonomous driving
- c. new ways of farming
- d. green products

ANSWER: b

101. 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

ANSWER: a

102. 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

ANSWER: c

103. Starbucks Coffee aims to run their business well. This means that Starbucks coffee beans are fair trade, that employees are well trained and compensated, and that the company limits its environmental footprint. What is Starbucks exhibiting in this example?

- a. consumerism
- b. corporate social responsibility
- c. cultural sensitivity
- d. conventional morality

ANSWER: b

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

ANSWER: b

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105. 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

ANSWER: d

106. 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

ANSWER: a

107. Some might say that companies such as the Body Shop have outperformed their peers by focusing on the world's social problems. What is this known as?

- a. green marketing
- b. philanthropy
- c. cause marketing
- d. creative ethics

ANSWER: a

108. 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.

ANSWER: d

109. 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

ANSWER: c

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110. 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

ANSWER: b

111. What are the four components of the pyramid of corporate social responsibility?

- a. sustainability, creativity, profit, and culture
- b. economic, legal, ethical, and philanthropic
- c. organizational, financial, social, and cultural
- d. sustainability, legality, creativity, and competition

ANSWER: b

112. 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

ANSWER: d

113. 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.

ANSWER: a

114. 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. Treat others as you would like to be treated.
- c. Be wary of strangers bearing gifts.
- d. A rolling stone gathers no moss.

ANSWER: b

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115. The use of ethical decision making is affected by which of the following?

- a. the influence of junior managers
- b. the presence of cultural pollution
- c. depends on the number of departments affected
- d. depends on the magnitude of possible consequences

ANSWER: d

116. 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

ANSWER: a

117. 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?

- a. behavioural practice
- b. moral ruling
- c. code of ethics
- d. direction of value

ANSWER: c

118. Which of the following statements best describes the effect a code of ethics has on employees?

- a. A code helps employees avoid confusion when determining whether their decisions are ethical.
- b. A code can be an effective external control on behaviour.
- c. The process of formulating the code facilitates discussions that ultimately increase profits.
- d. A code helps employees identify what the law recognizes to be acceptable business practices.

ANSWER: a

119. 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?

- a. The principles should not upset current retirement home workers and future job applicants.
- b. The principles should be fair to administrative staff.
- c. The principles of the code should be a result of input from senior management.
- d. Principles can deviate from common practices because of the prestigious nature of the facility.

ANSWER: a

120. Marketers can control the external environment in which their organizations operate.

- a. True
- b. False

ANSWER: False

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121. Champion Lyte is a sugar-free sports drink designed to replenish electrolytes lost during activity or illness. The product was designed primarily for diabetics and the healthcare professionals who treat diabetics. Both would be the product's primary target market.

- a. True
- b. False

ANSWER: False

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

- a. True
- b. False

ANSWER: True

123. 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

ANSWER: True

124. 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

ANSWER: True

125. Psychography is the study of people's vital statistics such as their ages and locations.

- a. True
- b. False

ANSWER: False

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

- a. True
- b. False

ANSWER: False

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

- a. True
- b. False

ANSWER: True

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128. 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

ANSWER: True

129. Canada excels at applied research and is weak when it comes to basic research.

- a. True
- b. False

ANSWER: False

130. 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

ANSWER: False

131. 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

ANSWER: False

132. 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

ANSWER: False

133. 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

ANSWER: True

134. Marketers need a thorough understanding of the laws established by the federal government, provincial governments, and regulatory agencies.

- a. True
- b. False

ANSWER: True

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135. 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

ANSWER: True

136. Education is the primary factor of a person's earning potential.

- a. True
- b. False

ANSWER: True

137. 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

ANSWER: True

138. The foundation of the pyramid of corporate social responsibility is economic performance.

- a. True
- b. False

ANSWER: True

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

- a. True
- b. False

ANSWER: True

140. Most businesspeople have progressed beyond the self-centred and manipulative actions of pre-conventional morality.

- a. True
- b. False

ANSWER: True

141. 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

ANSWER: False

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

- a. True
- b. False

ANSWER: False

143. What is a target market? Give an example of a business that really understands their target market.

ANSWER: A target market is a defined group of potential customers that managers feel is most likely to buy a firm's product.

Companies like Apple and P&G do a good job at defining their markets.

144. 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.

ANSWER:

- Demographics
- Technology
- Competition
- Social change
- Economic conditions
- Regulatory factors

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

AN When a company implements strategies that attempt to shape the external environment within which it *SW* operates, it is engaging in environmental management. For example, extensive political lobbying may *ER* 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.

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

AN Component lifestyles mean that citizens are choosing products and services that meet diverse needs and *SW* interests rather than conforming to traditional stereotypes. Component lifestyles increase the complexity of *ER* 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.

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

AN Baby boomers are defined as people born between 1947 and 1965. They are the largest demographic
SW segment in the population today, but their influence varies depending upon further segmentation within the
ER 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.

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

AN A multicultural society is characterized by two or more large racial and ethnic groups as opposed to one
SW dominant racial or ethnic group. Multiculturalism occurs when all ethnic groups in an area are roughly
ER 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.

149. 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.

AN *Rising incomes:* Incomes are rising in Canada, primarily due to dual-income families. Increases in
SW disposable and discretionary income allow families and individuals to afford the “good life.” Marketers can
ER 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.

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150. 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.

AN Inflation is a measure of the decrease in the value of money, expressed as the percentage reduction in value *SW* since the previous year. It may result in decreased purchasing power. Marketers should be aware brand *ER* 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.

151. 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.

ANS Student answers should include:

WER 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.

152. 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.

AN Basic research (or pure research) attempts to expand the frontiers of knowledge but is not aimed at a *SW* specific, pragmatic problem. This type of research would explore broad issues of defining the good and bad *ER* 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.

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153. 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?

AN Corporate social responsibility is the concern of business for social welfare. This concern is demonstrated by *SW* managers who consider the long-range best interests of the company and the company’s relationship to the *ER* 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.

154. 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?

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

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

AN The pyramid of corporate social responsibility portrays four kinds of responsibility: economic, legal, ethical, *SW* and philanthropic. Economic performance is the foundation for the structure, because if the company does *ER* 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.

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156. 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?

AN Ethical judgments were influenced by these factors:

SW

ER: 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.

157. 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: 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?