

# Chapter 02 The Marketing Environment

*Student:* \_\_\_\_\_

1. Which of the following is main the reason why organizations constantly monitor the marketing environment?
  - A. To estimate the human resource requirements
  - B. To limit the flow of information within the organization
  - C. To capitalize on new opportunities and curtain potential threats
  - D. To curtail the weaknesses of an organization
  
2. Elements such as technological forces, regulatory forces, and demographic forces constitute \_\_\_\_\_.
  - A. organizational strengths
  - B. microeconomic environment
  - C. marketing intermediaries
  - D. marketing environment
  
3. Marketing environmental scan is the process of \_\_\_\_\_.
  - A. using internal information to identify trends, strengths, and weaknesses of a business
  - B. continually acquiring information on events occurring outside an organization
  - C. evaluating the performance variables of an organization
  - D. using internal information to identify trends, opportunities, and threats to a business

4. A SWOT analysis is

- A. Internal factors
- B. External factors
- C. Both the internal factors and the external factors
- D. Assessing how well a company is doing

5. A SWOT looks at the business in relation to?

- A. It's competition and demographics
- B. What other companies are doing
- C. It's socio-cultural forces
- D. Six key areas that affect the business

6. Which of the following differentiates a firm's strengths from its opportunities?

- A. Companies can create opportunities, whereas they cannot build strengths.
- B. Strengths are positive attributes, whereas opportunities can be positive or negative.
- C. Strengths are internal aspects, whereas opportunities are external aspects.
- D. Strengths are situational variables, whereas opportunities are person variables.

7. Characteristics such as age, gender, and occupation refer to \_\_\_\_\_ forces.

- A. competitive
- B. demographic
- C. economic
- D. regulatory

8. \_\_\_\_\_ is the term used to describe people born between 1946 and 1965.

- A. Generation X
- B. Generation Z
- C. Generation Y
- D. Baby boomer

9. Which of the following is a valid observation of baby boomers?

- A. Baby boomers are people born between 1975 and 1991.
- B. They are increasingly using digital technology for communication.
- C. Baby boomers are people born between 1965 and 1975.
- D. They are also referred to as the echo boomers or millennials.

10. Which of the following products target baby boomers exclusively?

- A. Bathroom accessories
- B. Cosmetics
- C. Social networks
- D. Retirement homes

11. Albert, a retired individual, was born in the year 1954. He usually buys products such as anti-wrinkle creams and grey-hair products. Identify the group that Albert belongs to.

- A. Generation Z
- B. Generation X
- C. Baby boomer
- D. Millennial

Albero Products is a company that manufactures and markets consumer goods. The company markets products such as cosmetics, packaged foods, detergents, and groceries. Many of the company's products are targeted at certain demographic groups.

12. The company markets an anti-wrinkle cream that targets people aged 50 and above. Identify the likely target market of this product.

- A. Generation X
- B. Millennial
- C. Generation Y
- D. Baby boomer

13. Baby products of the company target young parents aged between 25 and 35. Which of the following is the target market of these products?
- A. Generation X
  - B. Prophet Generation
  - C. Generation Y
  - D. Baby boomer
14. The company launches toys for children aged between 5 and 10. Which of the following segments will be the end users of this product?
- A. Generation Z
  - B. Generation X
  - C. Baby boomer
  - D. Millennial
15. Which of the following is the difference between baby boomers and Generation Y?
- A. Generation Y prefer products such as video games, whereas baby boomers are avid users of social media.
  - B. Baby boomers prefer technological products more than the Generation Y.
  - C. Generation Y are highly brand loyal, whereas baby boomers are not brand loyal.
  - D. Baby boomers spend more on consumer goods, whereas Generation Y spend more on music and computer goods.

16. Generation X refers to the group of people born \_\_\_\_\_.

- A. between 1946 and 1965
- B. after generation Y consumers
- C. between 1972 and 1992
- D. between 1966 and 1971

17. Which of the following is a key difference between Generation X and Baby Boomers?

- A. Generation X consumers are less prone to materialism than baby boomers.
- B. Baby boomers are more self-reliant than the consumers from generation X.
- C. Generation X consumers display more brand loyalty than baby boomers.
- D. Baby boomers are better educated than the consumers from generation X.

18. Which of the following refers to the group of people born between 1972 and 1992?

- A. Generation X
- B. Baby Boomers
- C. Generation Y
- D. Generation Z

19. Which of the following groups of people are mostly children of baby boomers?

- A. Generation X
- B. Generation Y
- C. Youth boomer
- D. Net generation

20. An Internet company launches a social networking website to attract young people born between 1985 and 1990. This company is targeting \_\_\_\_\_.

- A. Generation Z
- B. Generation X
- C. Generation Y
- D. Baby boomers

21. Which of the following groups is referred to as the pioneers of social media?

- A. Generation Z
- B. Baby boomer generation
- C. Generation X
- D. Generation Y

22. Generation Z consumers are the people born \_\_\_\_\_.

- A. between 1993 and beyond
- B. before generation Y consumers
- C. between 1975 and 1991
- D. before baby boomers

23. Andrew was born in 1996. Which of the following statements is most likely to be true about him?

- A. He will rarely use product offerings such as social media.
- B. He will be objective in his purchases.
- C. He is likely to be brand loyal to most products.
- D. He belongs to the least disruptive generation.

24. An animation company develops a game that is aimed to attract children aged 15 or younger.  
Identify this company's target market.

- A. Generation X
- B. Generation Z
- C. Baby boomer generation
- D. Generation Y

25. Which of the following refers to the problem of big city dwelling that Canada is facing?

- A. Big cities in the country lag behind the other cities in growth rates.
- B. Most Canadians live in urban areas or their suburbs.
- C. Population of women is greater in urban areas than in rural areas.
- D. Population growth has been declining in big cities of Canada.

26. Which of the following is a valid observation of socio-cultural changes?

- A. Straightforward statistical data is available on societal and cultural shifts in attitudes.
- B. Socio-cultural changes tend to be gradual in nature.
- C. It is easy to identify societal and cultural shifts in attitudes.
- D. Socio-cultural changes can be monitored clearly.

27. Identify the term that refers to cultural values, ideas, and attitudes, as well as society's morals and beliefs.

- A. Socio-cultural forces
- B. Demographic forces
- C. Internal forces
- D. Neutral forces

28. Marketers are responding to socio-cultural changes in what areas?

- A. Financial slowdown
- B. Unstable markets
- C. Communications and the media
- D. Group attitudes

29. What role does the media play in socio-cultural forces?

- A. Consumers have taken the reins of the communication channel.
- B. Consumers no longer listen to marketing messages.
- C. Consumers choose one device to receive their marketing messages.
- D. Consumers find that there is too much clutter in the communication channel.

30. In Canada, we find a society that:

- A. Relies on electronic communication
- B. Is very active physically.
- C. Prefers face to face communication
- D. Is able to spend holidays without electronic communication

31. Which of the following is a valid observation about the evolving gender roles in Canada?

- A. Women are working part-time to perform household duties.
- B. Female membership in public schools has declined.
- C. Men are becoming more involved in household duties.
- D. Gender disparity has increased vastly in recent times.

32. Identify the product whose business is most likely to be affected by an economic slowdown.

- A. Automobiles
- B. Entertainment
- C. Home cooked meals
- D. Vegetables

33. Identify the product whose business is most likely to be affected by an economic slowdown.

- A. smart phones
- B. clothing
- C. flour
- D. sweaters

34. Which of the following products is likely to do better business in a poor economy than in a strong economy?

A. packaged food

B. automobiles

C. flour

D. luxury apparel

35. Which of the following is an example of a macroeconomic force?

A. disposable income

B. fixed cost

C. inflation

D. variable cost

36. Which of the following terms refers to the state of a country's economy as a whole?

A. macroeconomic forces

B. regulatory forces

C. nominal economic forces

D. microeconomic forces

37. \_\_\_\_\_ is a period when the cost to produce and buy products and services gets higher as prices rise.

- A. Recession
- B. Biflation
- C. Depression
- D. Inflation

38. Prices of necessary goods increase in a country due to an increase in the cost of raw materials and labour. This is an example of \_\_\_\_\_.

- A. inflation
- B. recession
- C. depression
- D. biflation

39. Which of the following terms is used to define a time of slow economic activity with two consecutive periods of negative growth?

- A. stagflation
- B. inflation
- C. deflation
- D. recession

40. Alabama Technologies is a firm that manufactures electronic appliances. Which of the following describes a scenario in which a microeconomic force is affecting the company's business?
- A. Fluctuating exchange rates exposed the company's business to uncertain revenue projections.
  - B. High levels of inflation increased the employees' demand for higher salaries.
  - C. The company has a production plant in Japan and Japan is undergoing a recession.
  - D. The company's sales have declined sharply after it increased the prices of its products.
41. Anderson's family earns \$150,000 a year including taxes. This amount is referred to as the family's \_\_\_\_\_.
- A. disposable income
  - B. gross income
  - C. net income
  - D. variable income
42. Joseph earns \$150,000 a year, while his wife Jennifer earns \$200,000 a year. The couple file taxes jointly and the total taxes they pay amount to \$60,000. What is the gross income of this family?
- A. \$175,000
  - B. \$290,000
  - C. \$145,000
  - D. \$350,000

43. Which of the following is used to define the after-tax income that consumers have left for spending and savings?

- A. discretionary income
- B. gross income
- C. variable income
- D. disposable income

The total amount of money that Robert earns in a year is \$100,000. He pays income tax \$18,000 and other taxes of \$6,000. He spends \$15,000 to buy necessities.

44. What is Robert's gross income?

- A. \$100,000
- B. \$82,000
- C. \$76,000
- D. \$67,000

45. What is Robert's disposable income?

- A. \$100,000
- B. \$82,000
- C. \$76,000
- D. \$67,000

46. What is Robert's discretionary income?

- A. \$100,000
- B. \$82,000
- C. \$76,000
- D. \$61,000

47. Brad has \$50,000 after-tax income left after paying for necessities such as food, shelter, and clothing. This amount refers to his \_\_\_\_\_.

- A. disposable income
- B. gross income
- C. variable income
- D. discretionary income

48. Which of the following is a key difference between disposable income and discretionary income?

- A. Discretionary income refers to the after-tax income, whereas disposable income refers to the before-tax income.
- B. Unlike disposable income, discretionary income is used to pay for food and clothing.
- C. Discretionary income will always be more than disposable income.
- D. Unlike disposable income, discretionary income is used only for purchases that are not deemed a necessity.

49. Sunshine Vacations is a firm that offers holiday packages to customers in Canada. Which of the following statements, if true, will weaken the firm's business?

- A. Employee salaries in Canada, on average, have increased by 25 percent.
- B. The government of Canada raised income tax rates in the previous month.
- C. Consumers' disposable income has increased in the recent past.
- D. Necessities such as rent and clothing have become cheaper in Canada.

50. Which of the following is an item that people are less likely to purchase, if their discretionary income is very low?

- A. sweater
- B. flour
- C. milk
- D. movie

51. Which of the following refers to inventions or innovations that stem from scientific or engineering research?

- A. competitive forces
- B. pioneering forces
- C. market forces
- D. technological forces

52. Cloud computing refers to the ability to \_\_\_\_\_.

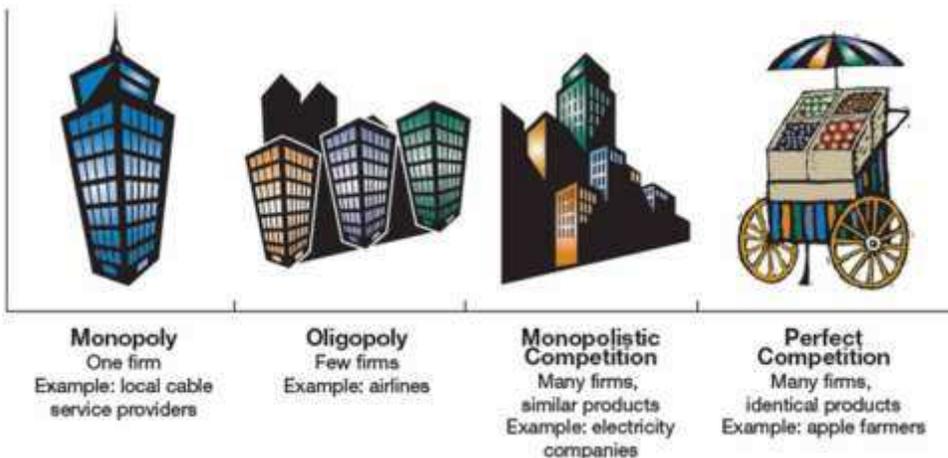
- A. use technologies that are considered unstable for commercial purposes
- B. install application software in a variety of operating systems
- C. access and use programs on the Internet without owning the software
- D. access and use programs on a personal computer without obtaining a licence

53. Which of the following is an application that uses cloud computing?

- A. Google Drive
- B. MS Word
- C. Adobe Acrobat
- D. WinZip

The visual below shows the four basic types of competition as identified by economists.

Types of competitions



54. Which of the following refers to the type of competition that occurs when only one company dominates a market?

A. monopolistic competition

B. oligopoly

C. duopoly

D. monopoly

55. Four banks dominate the banking sector in the United Kingdom. This market is an example of \_\_\_\_\_.

A. perfect competition

B. monopoly

C. oligopoly

D. duopoly

56. The telecommunication industry of a country is characterized by intense competition. Many competitors are present in the market and they offer products that are similar. Which type of competition exists in this market?

A. perfect competition

B. oligopoly

C. monopoly

D. monopolistic competition

57. Which of the following is a type of competition where there are many sellers with nearly identical products and little differentiation?

- A. perfect competition
- B. oligopoly
- C. monopoly
- D. monopsony

58. Alternative products that can satisfy a specific market's needs are called \_\_\_\_\_.

- A. fundamental forces
- B. direct forces
- C. social forces
- D. competitive forces

59. Direct competitors refer to \_\_\_\_\_.

- A. products that have the shortest life cycle in a market
- B. very similar products sold in the same category
- C. products that are used by the same customer
- D. dissimilar products that compete in the same market

60. Indirect competitors refer to products that \_\_\_\_\_.
- A. compete for a different segment of customers in different categories
  - B. are very similar and compete in the same category
  - C. contend for a different segment of customers in the same category
  - D. compete for the same buying dollar in a slightly different category
61. The postal system is run by the government with competition forbidden by law in a country. This is an example of a(n) \_\_\_\_\_.
- A. monopolistic competition
  - B. oligopoly
  - C. monopoly
  - D. duopoly
62. Which of the following is a valid observation of monopolies?
- A. Monopolies are an illegal form of business in most countries including Canada.
  - B. The effect of substitute products is prominent in a monopoly.
  - C. This is the most common form of market competition.
  - D. A monopoly exists when there is only one company selling in the market.

63. Which of the following refers to the type of competition that occurs when a few companies control a market?

A. monopolistic competition

B. oligopoly

C. duopoly

D. monopoly

Charcos Oil is an oil marketing company. The company has only three competitors in the country where it operates and has formed an agreement with the competitors to fix the prices of their offerings. This move was essential because of the price sensitivity of the oil market.

64. The market in which Charcos Oil competes exemplifies \_\_\_\_\_.

A. perfect competition

B. duopoly

C. monopoly

D. oligopoly

65. Which of the following is likely to occur if Charcos Oil reduces its prices?

A. The company's profitability will increase.

B. Competitors will also follow the price cut.

C. The market will become a monopoly.

D. Some of the competitors will stop business.

66. Which of the following types of competition is criticized for price collusion?

- A. oligopoly
- B. differentiated competition
- C. monopoly
- D. perfect competition

67. Which of the following is a type of competition where a large number of sellers compete with each other and offer customers substitute products with product differentiation?

- A. monopolistic competition
- B. monopoly
- C. oligopoly
- D. monopsony

68. Which of the following statements is true of monopolistic competition?

- A. Monopolistic competition is driven by price competition rather than differentiation.
- B. Large numbers of sellers compete with each other in monopolistic competition.
- C. Monopolistic competition occurs when a few companies control a market.
- D. Companies that sell commodities are in a monopolistic competition.

69. Which of the following types of products is most likely to instigate perfect competition in a market?
- A. packaged foods
  - B. cars
  - C. cell phones
  - D. grains
70. Which of the following is the reason why regulations are placed on marketing practices?
- A. to protect consumers from unscrupulous business practices
  - B. to maximize the profitability of individual firms
  - C. to promote product differentiation in markets
  - D. to prevent monopolistic competition in markets
71. Which of the following agencies is primarily responsible for the administration and enforcement of the Competition Act and the Consumer Packaging and Labelling Act?
- A. Canadian Marketing Association
  - B. Canadian R-T Commission
  - C. Competition Bureau
  - D. Better Business Bureau

72. Which of the following is a basic function of the Competition Bureau?

- A. endorsing marketing performance in Canada
- B. curtailing false and misleading representations to sell products
- C. establishing perfect competition in Canadian markets
- D. monitoring digital information available to customers

73. Which of the following statements is true of the Canadian Children's Food and Beverage Advertising Initiative (CAI)?

- A. The Canadian Children's Food and Beverage Advertising Initiative is an agency of the Canadian government.
- B. The initiative does not cover children above 10 years of age.
- C. It covers only traditional TV advertising directed to children.
- D. The initiative is monitored by the Advertising Standards Canada.

74. \_\_\_\_\_ refers to the dissemination of unsolicited electronic messages to recipients.

- A. Spoofing
- B. Virus
- C. Spam
- D. Cookie

75. Marketing environmental scans are conducted routinely by marketers to \_\_\_\_\_.

- A. gather data
- B. see what the competition is doing
- C. brainstorm
- D. ensure that products stay relevant to the consumer

76. A marketing environmental scan will often be conducted \_\_\_\_\_.

- A. annually
- B. monthly
- C. every quarter year
- D. every 2 years

77. How many steps are in an environmental scan?

- A. 12 steps
- B. 6 steps
- C. 8 steps
- D. 3 steps

78. The starting point of an environmental scan is?

- A. Conduct competitive reviews
- B. Cluster the information into facts
- C. Brainstorm on marketing ideas
- D. Gather data and information

79. How many factors are there in an environmental scan?

- A. 3
- B. 6
- C. 7
- D. 10

80. Why should marketers be aware of changes and developments in each area of a marketing environment scan?

- A. to determine where and when further analyses are needed
- B. to go where a company should be directing their energies
- C. to understand what a company needs to do
- D. to get ahead of their competitors

81. Demographic forces are a key area that affects the marketing environment of businesses.

True False

82. A marketing environmental scan is performed to identify trends and pinpoint opportunities and threats to a business.

True False

83. Albert, who was born in 1978, is a baby boomer.

True False

84. Generation X is the group of people born between 1972 and 1992 and referred to as millennials.

True False

85. Generation Z consumers are considered to be pioneers of social media.

True False

86. Socio-cultural forces refer to cultural values, ideas, and attitudes that are learned and shared among a group of people.

True False

87. Marketers have noted that consumers have taken the reins of the communication channel.

True False

88. Macroeconomic forces refer to the state of a country's economy as a whole.

True False

89. Inflation is a period in which product prices rise without an increase in the cost of production.

True False

90. A recession is a time of slow economic activity with two consecutive periods of negative growth.

True False

91. Greg has \$60,000 left annually for spending after paying all the taxes. Greg's gross income is \$60,000.

True False

92. Disposable income is the after-tax income a consumer has left after paying for necessities.

True False

93. A consumer has \$100,000 left for spending and savings after paying his taxes. This sum amounts to his disposable income.

True False

94. Cloud computing refers to the ability to access and use programs from a personal computer.

True False

95. Competitive forces refer to alternative products that can satisfy a specific market's needs.

True False

96. Direct competitors refer to products that compete for the same buying dollar in a slightly different category.

True False

97. Oligopoly is a type of competition that occurs when few companies control a market.

True False

98. A locality has only one cable service provider. The locality experiences monopolistic competition in the cable service market.

True False

99. Products such as grains and vegetables cannot function in an environment where perfect competition exists.

True False

100. Regulations refer to the restrictions placed on marketing practices by government and industry associations.

True False

101. The Advertising Standards Canada is a self-regulatory non-government association run by advertising, media, and marketing professionals.

True False

102. The Canadian Marketing Association provides guidelines for its members through its Code of Ethics and Standards of Practice.

True False

103. A company introduces a contest that requires a mix of chance and skill. This contest will be illegal in Canada.

True False

104. Explain the purpose of conducting a SWOT analysis.

105. Pick a company of your choice and conduct a SWOT analysis.

106. Briefly explain the main generational groups of consumers that marketers consider.

107. Explain big city dwelling in Canada.

108. Explain the types of non-traditional families that a marketer is faced with in modern times.

109. What are socio-cultural forces?

110. Consider an industry of your choice. Explain how macroeconomic forces affect that industry.

111. Explain the concepts of recession and inflation.

112. Compare and contrast microeconomic forces with macroeconomic forces.

113. Compare and contrast direct competitors and indirect competitors.

114. Describe the areas under which the Advertising Standards Canada (ASC) encourages truth in advertising

115.Explain the role of the Canadian Radio-television and Telecommunications Commission.

116.Briefly describe the role of the Advertising Standards of Canada (ASC).

117.Illustrate the significance of PIPEDA guidelines in an online environment.

## Chapter 02 The Marketing Environment **Key**

1. Which of the following is main the reason why organizations constantly monitor the marketing environment?
- A. To estimate the human resource requirements
  - B. To limit the flow of information within the organization
  - C. To capitalize on new opportunities and curtain potential threats
  - D. To curtail the weaknesses of an organization

Marketers constantly monitor the marketing environment with a view to capitalizing on new opportunities and curtailing potential threats that may challenge their businesses.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #1*

*Learning Objective: 02-01 Understand the importance of a marketing environment scan and how it is used to improve marketing programs*

*Topic: 02-12 Environmental Awareness*

2. Elements such as technological forces, regulatory forces, and demographic forces constitute \_\_\_\_\_.

- A. organizational strengths
- B. microeconomic environment
- C. marketing intermediaries
- D. marketing environment

Factors such as demographic forces, socio-cultural forces, economic forces, technological forces, competitive forces, and regulatory forces are key areas in the marketing environment of a business.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #2*

*Learning Objective: 02-01 Understand the importance of a marketing environment scan and how it is used to improve marketing programs*

*Topic: 02-12 Environmental Awareness*

3. Marketing environmental scan is the process of \_\_\_\_\_.
- A. using internal information to identify trends, strengths, and weaknesses of a business
  - B.** continually acquiring information on events occurring outside an organization
  - C. evaluating the performance variables of an organization
  - D. using internal information to identify trends, opportunities, and threats to a business

A marketing environmental scan is the process of continually acquiring information on events occurring outside an organization to identify trends and pinpoint opportunities and threats to a business.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #3*

*Learning Objective: 02-02 Describe the elements of a marketing environment scan and summarize the trends affecting each area*

*Topic: 02-12 Environmental Awareness*

4. A SWOT analysis is
- A. Internal factors
  - B. External factors
  - C. Both the internal factors and the external factors
  - D.** Assessing how well a company is doing

A SWOT analysis involves assessing how well a company is servicing its businesses and/or consumers.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

5. A SWOT looks at the business in relation to?

- A. It's competition and demographics
- B. What other companies are doing
- C. It's socio-cultural forces
- D. Six key areas that affect the business

A SWOT is the analysis performed to understand what factors are affecting the business and what the business needs to focus on.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Moderate*

*Kerin - Chapter 02 #5*

6. Which of the following differentiates a firm's strengths from its opportunities?
- A. Companies can create opportunities, whereas they cannot build strengths.
  - B. Strengths are positive attributes, whereas opportunities can be positive or negative.
  - C. Strengths are internal aspects, whereas opportunities are external aspects.
  - D. Strengths are situational variables, whereas opportunities are person variables.

A SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats) involves assessing how well a company is faring in servicing its businesses and target consumers by assessing an organization's internal strengths and weaknesses, as well as its external opportunities and threats. Strengths are internal aspects, whereas opportunities are external aspects.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Moderate*

*Kerin - Chapter 02 #6*

*Learning Objective: 02-02 Describe the elements of a marketing environment scan and summarize the trends affecting each area*

*Topic: 02-12 Environmental Awareness*

7. Characteristics such as age, gender, and occupation refer to \_\_\_\_\_ forces.
- A. competitive
  - B. demographic
  - C. economic
  - D. regulatory

The statistical study of populations is referred to as demographics. It looks at characteristics such as age, gender, ethnicity, income, and occupation of a group of people.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

8. \_\_\_\_\_ is the term used to describe people born between 1946 and 1965.

A. Generation X

B. Generation Z

C. Generation Y

D. Baby boomer

The people who were born between 1946 and 1965 are called baby boomers. Baby boomers are the main reason for the greying of North America.

9. Which of the following is a valid observation of baby boomers?

- A. Baby boomers are people born between 1975 and 1991.
- B. They are increasingly using digital technology for communication.
- C. Baby boomers are people born between 1965 and 1975.
- D. They are also referred to as the echo boomers or millennials.

The people who were born between 1946 and 1965 are called baby boomers. Baby boomers are increasingly using digital technology to communicate with others and research products.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #9*

*Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that affect marketing approaches*

*Topic: 02-02 An Aging Population*

10. Which of the following products target baby boomers exclusively?

- A. Bathroom accessories
- B. Cosmetics
- C. Social networks
- D. Retirement homes

Baby boomers are people born between 1946 and 1965. Retirement homes target baby boomers exclusively.

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: Moderate*

*Kerin - Chapter 02 #10*

*Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that affect marketing approaches*

11. Albert, a retired individual, was born in the year 1954. He usually buys products such as anti-wrinkle creams and grey-hair products. Identify the group that Albert belongs to.

- A. Generation Z
- B. Generation X
- C. Baby boomer
- D. Millennial

The people who were born between 1946 and 1965 are called baby boomers. Baby boomers consume such products as consumer goods, anti-wrinkle creams, and grey-hair products.

*Accessibility: Keyboard Navigation*

*Blooms: Understand*

*Difficulty: Moderate*

*Kerin - Chapter 02 #11*

*Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that affect marketing approaches*

*Topic: 02-02 An Aging Population*

Albero Products is a company that manufactures and markets consumer goods. The company markets products such as cosmetics, packaged foods, detergents, and groceries. Many of the company's products are targeted at certain demographic groups.

*Kerin - Chapter 02*

12. The company markets an anti-wrinkle cream that targets people aged 50 and above. Identify the likely target market of this product.

- A. Generation X
- B. Millennial
- C. Generation Y
- D. Baby boomer

The people who were born between 1946 and 1965 are called baby boomers. Baby boomers are likely to be the target market of this product.

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: Moderate*

*Kerin - Chapter 02 #12*

*Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that affect marketing approaches*

*Topic: 02-02 An Aging Population*

13. Baby products of the company target young parents aged between 25 and 35. Which of the following is the target market of these products?

- A. Generation X
- B. Prophet Generation
- C. Generation Y
- D. Baby boomer

Generation Y is the group of people born between 1977 and 1992. Young parents aged between 25 and 35 are from this group.

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

14. The company launches toys for children aged between 5 and 10. Which of the following segments will be the end users of this product?

A. Generation Z

B. Generation X

C. Baby boomer

D. Millennial

Generation Z is the group of people born between 1992 and 2010. The toys target generation Z.

15. Which of the following is the difference between baby boomers and Generation Y?
- A. Generation Y prefer products such as video games, whereas baby boomers are avid users of social media.
  - B. Baby boomers prefer technological products more than the Generation Y.
  - C. Generation Y are highly brand loyal, whereas baby boomers are not brand loyal.
  - D. Baby boomers spend more on consumer goods, whereas Generation Y spend more on music and computer goods.

Generation Y buys products such as music, video games, sports, and computer products.

Baby boomers account for approximately 60 percent of expenditures on consumer goods and services.

*Accessibility: Keyboard Navigation*

*Blooms: Understand*

*Difficulty: Moderate*

*Kerin - Chapter 02 #15*

*Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that affect marketing approaches*

*Topic: 02-03 Diverse Generations*

16. Generation X refers to the group of people born \_\_\_\_\_.
- A. between 1946 and 1965
  - B. after generation Y consumers
  - C. between 1972 and 1992
  - D. between 1966 and 1971

Generation X is the group of people born after the baby boomers, between 1966 and 1971.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

17. Which of the following is a key difference between Generation X and Baby Boomers?

- A. Generation X consumers are less prone to materialism than baby boomers.
- B. Baby boomers are more self-reliant than the consumers from generation X.
- C. Generation X consumers display more brand loyalty than baby boomers.
- D. Baby boomers are better educated than the consumers from generation X.

Generation X consumers differ from baby boomers in that they are not as brand loyal and tend to be more self-reliant, entrepreneurial, and better educated. They are less prone to materialism and extravagance than baby boomers.

18. Which of the following refers to the group of people born between 1972 and 1992?
- A. Generation X
  - B. Baby Boomers
  - C. Generation Y
  - D. Generation Z

Generation Y is the group of people born between 1972 and 1992. These are mostly children of baby boomers.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #18*

*Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that affect marketing approaches*

*Topic: 02-03 Diverse Generations*

19. Which of the following groups of people are mostly children of baby boomers?
- A. Generation X
  - B. Generation Y
  - C. Youth boomer
  - D. Net generation

Generation Y is the group of people born between 1972 and 1991. These are mostly children of baby boomers.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #19*

*Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that affect marketing approaches*

20. An Internet company launches a social networking website to attract young people born between 1985 and 1990. This company is targeting \_\_\_\_\_.

- A. Generation Z
- B. Generation X
- C. Generation Y
- D. Baby boomers

Generation Y is the group of people born between 1972 and 1992. The company is targeting this group in this example.

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: Moderate*

*Kerin - Chapter 02 #20*

*Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that affect marketing approaches*

*Topic: 02-03 Diverse Generations*

21. Which of the following groups is referred to as the pioneers of social media?

- A. Generation Z
- B. Baby boomer generation
- C. Generation X
- D. Generation Y

Generation Z is the group of people born between 1993 and beyond. They have grown up with the Internet, and as pioneers of social media are considered the most disruptive of the generations.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #21*

*Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that affect marketing approaches*

*Topic: 02-03 Diverse Generations*

22. Generation Z consumers are the people born \_\_\_\_\_.

- A. between 1993 and beyond
- B. before generation Y consumers
- C. between 1975 and 1991
- D. before baby boomers

Generation Z is the group of people born between 1993 and beyond. They are also known as the next generation.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

23. Andrew was born in 1996. Which of the following statements is most likely to be true about him?

A. He will rarely use product offerings such as social media.

**B.** He will be objective in his purchases.

C. He is likely to be brand loyal to most products.

D. He belongs to the least disruptive generation.

People who belong to Generation Z are avid users of social media, very objective in their purchases, and not very brand loyal.

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: Moderate

Kerin - Chapter 02 #23

Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that affect marketing approaches

Topic: 02-02 An Aging Population

24. An animation company develops a game that is aimed to attract children aged 15 or younger. Identify this company's target market.

- A. Generation X
- B. Generation Z**
- C. Baby boomer generation
- D. Generation Y

Generation Z is the group of people born between 1993 and beyond. This is the market segment that the company is targeting.

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: Moderate*

*Kerin - Chapter 02 #24*

*Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that affect marketing approaches*

*Topic: 02-03 Diverse Generations*

25. Which of the following refers to the problem of big city dwelling that Canada is facing?

- A. Big cities in the country lag behind the other cities in growth rates.
- B. Most Canadians live in urban areas or their suburbs.**
- C. Population of women is greater in urban areas than in rural areas.
- D. Population growth has been declining in big cities of Canada.

More than 80 percent of Canadians live in urban areas or their suburbs. Statistics indicate that cities are growing much more quickly than rural areas, which lag behind the rest of the country in growth rates. This refers to the problem of big city dwelling.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

26. Which of the following is a valid observation of socio-cultural changes?
- A. Straightforward statistical data is available on societal and cultural shifts in attitudes.
  - B.** Socio-cultural changes tend to be gradual in nature.
  - C. It is easy to identify societal and cultural shifts in attitudes.
  - D. Socio-cultural changes can be monitored clearly.

Socio-cultural changes tend to be gradual, take place over a prolonged period of time, and are sometimes very subtle.

27. Identify the term that refers to cultural values, ideas, and attitudes, as well as society's morals and beliefs.

- A. Socio-cultural forces
- B. Demographic forces
- C. Internal forces
- D. Neutral forces

Socio-cultural forces refer to cultural values, ideas, and attitudes that are learned and shared among a group of people. This also includes society's morals and beliefs and is demonstrated through behaviour common among the socio-cultural group.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #27*

*Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that affect marketing approaches*

*Topic: 02-08 Socio-Cultural Forces*

28. Marketers are responding to socio-cultural changes in what areas?

- A. Financial slowdown
- B. Unstable markets
- C. Communications and the media
- D. Group attitudes

Marketers note that consumers have taken the reins of the communication channel, choosing if, how, and when to listen to marketing messages. The media landscape is blurring, making marketing communications more complex and challenging.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #28*

*Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that affect marketing approaches*

*Topic: 02-08 Socio-Cultural Forces*

29. What role does the media play in socio-cultural forces?

- A. Consumers have taken the reins of the communication channel.
- B. Consumers no longer listen to marketing messages.
- C. Consumers choose one device to receive their marketing messages.
- D. Consumers find that there is too much clutter in the communication channel.

The media plays a large role in choosing how they want to receive their marketing messages. The power now is in the consumer rather than in the business.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

30. In Canada, we find a society that:

- A. Relies on electronic communication
- B. Is very active physically.
- C. Prefers face to face communication
- D. Is able to spend holidays without electronic communication

Consumers have become very reliant on a variety of communication tools and they find it a fast way to communicate.

*Accessibility: Keyboard Navigation*

*Blooms: Understand*

*Difficulty: Moderate*

*Kerin - Chapter 02 #30*

*Learning Objective: 02-04 Explain how changes in the economic environment influence consumer purchase behaviour*

*Topic: 02-09 Media*

31. Which of the following is a valid observation about the evolving gender roles in Canada?
- A. Women are working part-time to perform household duties.
  - B. Female membership in public schools has declined.
  - C. Men are becoming more involved in household duties.
  - D. Gender disparity has increased vastly in recent times.

Over the past 30 years, one of the most notable socio-cultural changes in Canada is the evolving roles of women and men in society. Increasingly, women are working full-time and men are becoming more involved in household duties.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #31*

*Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that affect marketing approaches*

*Topic: 02-13 Evolving Gender Roles*

32. Identify the product whose business is most likely to be affected by an economic slowdown.
- A. Automobiles
  - B. Entertainment
  - C. Home cooked meals
  - D. Vegetables

People are likely to defer the purchase of automotive items during economic crises and concentrate their purchases on life's necessities. Home cooked meals replace eating out or ready-to-eat items.

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

33. Identify the product whose business is most likely to be affected by an economic slowdown.

A. smart phones

B. clothing

C. flour

D. sweaters

People are likely to defer the purchase of luxury items during economic crisis and concentrate their purchases on life's necessities. Of the given products, smart phones are a luxury product.

34. Which of the following products is likely to do better business in a poor economy than in a strong economy?

- A. packaged food
- B. automobiles
- C. flour
- D. luxury apparel

Some products, such as flour, do better in a poor economy with consumers making their own cookies and muffins rather than spending the extra money to buy more expensive ready-to-eat items.

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: Moderate*

*Kerin - Chapter 02 #34*

*Learning Objective: 02-04 Explain how changes in the economic environment influence consumer purchase behaviour*

*Topic: 02-14 Economic Forces*

35. Which of the following is an example of a macroeconomic force?

- A. disposable income
- B. fixed cost
- C. inflation
- D. variable cost

Macroeconomic forces refer to the state of a country's economy as a whole. Of the given choices, only inflation refers to a macroeconomic force.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

36. Which of the following terms refers to the state of a country's economy as a whole?

- A. macroeconomic forces
- B. regulatory forces
- C. nominal economic forces
- D. microeconomic forces

The economy consists of macroeconomic forces and microeconomic forces. Macroeconomic forces refer to the state of a country's economy as a whole.

37. \_\_\_\_\_ is a period when the cost to produce and buy products and services gets higher as prices rise.

- A. Recession
- B. Biflation
- C. Depression
- D. Inflation**

Inflation is a period when the cost to produce and buy products and services gets higher as prices rise.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #37*

*Learning Objective: 02-04 Explain how changes in the economic environment influence consumer purchase behaviour*

*Topic: 02-14 Economic Forces*

38. Prices of necessary goods increase in a country due to an increase in the cost of raw materials and labour. This is an example of \_\_\_\_\_.

- A. inflation**
- B. recession
- C. depression
- D. biflation

Inflation is a period when the cost to produce and buy products and services gets higher as prices rise.

*Accessibility: Keyboard Navigation*

*Blooms: Understand*

39. Which of the following terms is used to define a time of slow economic activity with two consecutive periods of negative growth?

A. stagflation

B. inflation

C. deflation

D. recession

A recession is a time of slow economic activity with two consecutive periods of negative growth. During recessions, production levels decline, unemployment levels rise, and many consumers have less money to spend.

40. Albama Technologies is a firm that manufactures electronic appliances. Which of the following describes a scenario in which a microeconomic force is affecting the company's business?
- A. Fluctuating exchange rates exposed the company's business to uncertain revenue projections.
  - B. High levels of inflation increased the employees' demand for higher salaries.
  - C. The company has a production plant in Japan and Japan is undergoing a recession.
  - D. The company's sales have declined sharply after it increased the prices of its products.

Microeconomic forces directly refer to the supply of and demand for goods and services and how this is impacted by individual, household, and company decisions to purchase. Decline in demand after a price increase is a microeconomic factor.

*Accessibility: Keyboard Navigation*

*Blooms: Understand*

*Difficulty: Moderate*

*Kerin - Chapter 02 #40*

*Learning Objective: 02-04 Explain how changes in the economic environment influence consumer purchase behaviour*

*Topic: 02-14 Economic Forces*

41. Anderson's family earns \$150,000 a year including taxes. This amount is referred to as the family's \_\_\_\_\_.

A. disposable income

**B.** gross income

C. net income

D. variable income

Gross income is the total amount of money made in one year by a person, household, or family unit including taxes.

*Accessibility: Keyboard Navigation*

*Blooms: Understand*

*Difficulty: Moderate*

*Kerin - Chapter 02 #41*

*Learning Objective: 02-04 Explain how changes in the economic environment influence consumer purchase behaviour*

*Topic: 02-14 Economic Forces*

42. Joseph earns \$150,000 a year, while his wife Jennifer earns \$200,000 a year. The couple file taxes jointly and the total taxes they pay amount to \$60,000. What is the gross income of this family?

A. \$175,000

B. \$290,000

C. \$145,000

D. \$350,000

Gross income is the total amount of money made in one year by a person, household, or family unit including taxes. In this case, the gross income of the family is \$350,000.

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: Moderate*

*Kerin - Chapter 02 #42*

*Learning Objective: 02-04 Explain how changes in the economic environment influence consumer purchase behaviour*

*Topic: 02-14 Economic Forces*

43. Which of the following is used to define the after-tax income that consumers have left for spending and savings?

- A. discretionary income
- B. gross income
- C. variable income
- D. disposable income

Disposable income is the income that consumers have left for spending and savings. Typical purchases are for rent, clothing, and transportation.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #43*

*Learning Objective: 02-04 Explain how changes in the economic environment influence consumer purchase behaviour*

*Topic: 02-14 Economic Forces*

The total amount of money that Robert earns in a year is \$100,000. He pays income tax \$18,000 and other taxes of \$6,000. He spends \$15,000 to buy necessities.

*Kerin - Chapter 02*

44. What is Robert's gross income?

- A. \$100,000
- B. \$82,000
- C. \$76,000
- D. \$67,000

Gross income is the total amount of money made in one year by a person. In this case, the gross income is \$100,000.

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: Moderate*

*Kerin - Chapter 02 #44*

*Learning Objective: 02-04 Explain how changes in the economic environment influence consumer purchase behaviour*

*Topic: 02-14 Economic Forces*

45. What is Robert's disposable income?

- A. \$100,000
- B. \$82,000
- C. \$76,000
- D. \$67,000

Disposable income is the income that consumers have left for spending and savings. In this case, the disposable income is \$76,000.

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: Moderate*

*Kerin - Chapter 02 #45*

*Learning Objective: 02-04 Explain how changes in the economic environment influence consumer purchase behaviour*

46. What is Robert's discretionary income?

- A. \$100,000
- B. \$82,000
- C. \$76,000
- D. \$61,000

Discretionary income is the after-tax income a consumer has left after paying for necessities. In this case, the discretionary income is \$61,000.

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: Moderate*

*Kerin - Chapter 02 #46*

*Learning Objective: 02-04 Explain how changes in the economic environment influence consumer purchase behaviour*

*Topic: 02-14 Economic Forces*

47. Brad has \$50,000 after-tax income left after paying for necessities such as food, shelter, and clothing. This amount refers to his \_\_\_\_\_.

- A. disposable income
- B. gross income
- C. variable income
- D. discretionary income

Discretionary income is the after-tax income a consumer has left after paying for necessities such as food, shelter, and clothing.

*Accessibility: Keyboard Navigation*

48. Which of the following is a key difference between disposable income and discretionary income?
- A. Discretionary income refers to the after-tax income, whereas disposable income refers to the before-tax income.
  - B. Unlike disposable income, discretionary income is used to pay for food and clothing.
  - C. Discretionary income will always be more than disposable income.
  - D. Unlike disposable income, discretionary income is used only for purchases that are not deemed a necessity.

Discretionary income is the after-tax income a consumer has left after paying for necessities such as food, shelter, and clothing. This income is used for discretionary purchases that are not deemed a necessity.

49. Sunshine Vacations is a firm that offers holiday packages to customers in Canada. Which of the following statements, if true, will weaken the firm's business?

- A. Employee salaries in Canada, on average, have increased by 25 percent.
- B.** The government of Canada raised income tax rates in the previous month.
- C. Consumers' disposable income has increased in the recent past.
- D. Necessities such as rent and clothing have become cheaper in Canada.

Discretionary income is the after-tax income a consumer has left after paying for necessities such as food, shelter, and clothing. This income is used for discretionary purchases such as going on a vacation. Increase in taxes reduces customers' discretionary income.

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: Difficult*

*Kerin - Chapter 02 #49*

*Learning Objective: 02-04 Explain how changes in the economic environment influence consumer purchase behaviour*

*Topic: 02-14 Economic Forces*

50. Which of the following is an item that people are less likely to purchase, if their discretionary income is very low?

A. sweater

B. flour

C. milk

D. movie

Discretionary income is the after-tax income a consumer has left after paying for necessities such as food, shelter, and clothing. A movie is not considered a necessity.

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: Moderate*

*Kerin - Chapter 02 #50*

*Learning Objective: 02-04 Explain how changes in the economic environment influence consumer purchase behaviour*

*Topic: 02-14 Economic Forces*

51. Which of the following refers to inventions or innovations that stem from scientific or engineering research?

A. competitive forces

B. pioneering forces

C. market forces

D. technological forces

Technological forces refer to inventions or innovations that stem from scientific or engineering research.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

52. Cloud computing refers to the ability to \_\_\_\_\_.
- A. use technologies that are considered unstable for commercial purposes
  - B. install application software in a variety of operating systems
  - C. access and use programs on the Internet without owning the software
  - D. access and use programs on a personal computer without obtaining a licence

Cloud computing refers to the ability to access and use programs on the Internet without owning the software.

53. Which of the following is an application that uses cloud computing?

- A. Google Drive
- B. MS Word
- C. Adobe Acrobat
- D. WinZip

Cloud computing refers to the ability to access and use programs on the Internet without owning the software. Google Drive is an example of cloud computing software.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

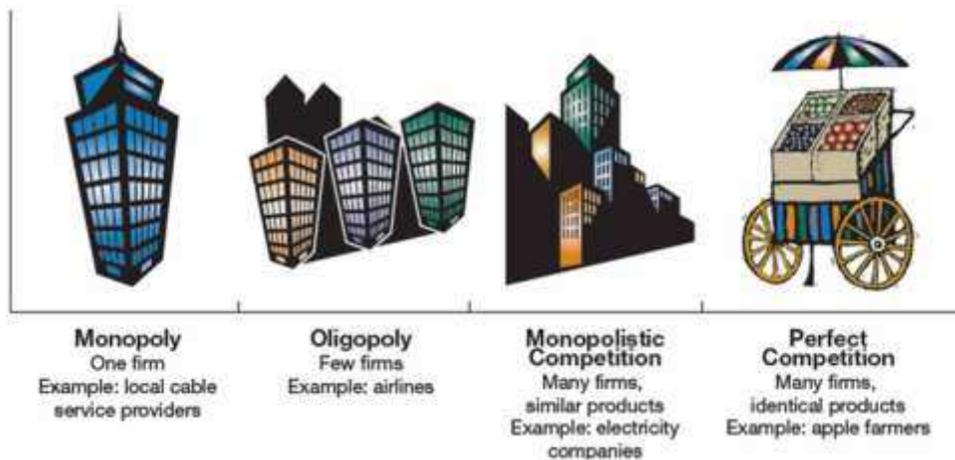
*Kerin - Chapter 02 #53*

*Learning Objective: 02-05 Discuss the technological developments shaping current marketing practices*

*Topic: 02-15 Technological Forces*

The visual below shows the four basic types of competition as identified by economists.

Types of competitions



54. Which of the following refers to the type of competition that occurs when only one company dominate a market?

- A. monopolistic competition
- B. oligopoly
- C. duopoly
- D. monopoly

Oligopoly refers to the type of competition that occurs when a few companies control a market.

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #54*

*Learning Objective: 02-06 Describe the different forms of competition and the regulatory forces that shape the marketing industry*

*Topic: 02-16 Competitive Forces*

55. Four banks dominate the banking sector in the United Kingdom. This market is an example of \_\_\_\_\_.

- A. perfect competition
- B. monopoly
- C. oligopoly
- D. duopoly

Oligopoly occurs when a few companies control a market. The given situation is an example of oligopoly.

*Blooms: Understand*

*Difficulty: Moderate*

*Kerin - Chapter 02 #55*

*Learning Objective: 02-06 Describe the different forms of competition and the regulatory forces that shape the marketing industry*

56. The telecommunication industry of a country is characterized by intense competition. Many competitors are present in the market and they offer products that are similar. Which type of competition exists in this market?

- A. perfect competition
- B. oligopoly
- C. monopoly
- D. monopolistic competition

Monopolistic competition is a type of competition where a large number of sellers compete with each other, offering customers similar or substitute products. Product differentiation and branding are important in such markets.

*Blooms: Apply*

*Difficulty: Moderate*

*Kerin - Chapter 02 #56*

*Learning Objective: 02-06 Describe the different forms of competition and the regulatory forces that shape the marketing industry*

*Topic: 02-16 Competitive Forces*

57. Which of the following is a type of competition where there are many sellers with nearly identical products and little differentiation?

- A. perfect competition
- B. oligopoly
- C. monopoly
- D. monopsony

Perfect competition is a type of competition where there are many sellers with nearly identical products and little differentiation.

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #57*

*Learning Objective: 02-06 Describe the different forms of competition and the regulatory forces that shape the marketing industry*

*Topic: 02-16 Competitive Forces*

58. Alternative products that can satisfy a specific market's needs are called \_\_\_\_\_.

- A. fundamental forces
- B. direct forces
- C. social forces
- D. competitive forces

Alternative products that can satisfy a specific market's needs are referred to as competitive forces.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #58*

59. Direct competitors refer to \_\_\_\_\_.
- A. products that have the shortest life cycle in a market
  - B. very similar products sold in the same category**
  - C. products that are used by the same customer
  - D. dissimilar products that compete in the same market

Direct competitors refer to similar products sold in the same category.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #59*

*Learning Objective: 02-06 Describe the different forms of competition and the regulatory forces that shape the marketing industry*

*Topic: 02-16 Competitive Forces*

60. Indirect competitors refer to products that \_\_\_\_\_.
- A. compete for a different segment of customers in different categories
  - B. are very similar and compete in the same category
  - C. contend for a different segment of customers in the same category
  - D. compete for the same buying dollar in a slightly different category**

Indirect competitors are products competing for the same buying dollar in a slightly different but related category.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

61. The postal system is run by the government with competition forbidden by law in a country.

This is an example of a(n) \_\_\_\_\_.

A. monopolistic competition

B. oligopoly

C. monopoly

D. duopoly

A monopoly exists when there is only one company selling in the market. This is an example of monopoly.

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: Moderate

Kerin - Chapter 02 #61

Learning Objective: 02-06 Describe the different forms of competition and the regulatory forces that shape the marketing industry

Topic: 02-18 Regulatory Forces

62. Which of the following is a valid observation of monopolies?

- A. Monopolies are an illegal form of business in most countries including Canada.
- B. The effect of substitute products is prominent in a monopoly.
- C. This is the most common form of market competition.
- D. A monopoly exists when there is only one company selling in the market.

A monopoly exists when there is only one company selling in the market. Monopolies are legal in Canada but they are carefully monitored.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #62*

*Learning Objective: 02-06 Describe the different forms of competition and the regulatory forces that shape the marketing industry*

*Topic: 02-16 Competitive Forces*

63. Which of the following refers to the type of competition that occurs when a few companies control a market?

- A. monopolistic competition
- B. oligopoly
- C. duopoly
- D. monopoly

Oligopoly refers to the type of competition that occurs when a few companies control a market.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #63*

*Learning Objective: 02-06 Describe the different forms of competition and the regulatory forces that shape the marketing industry*

Charcos Oil is an oil marketing company. The company has only three competitors in the country where it operates and has formed an agreement with the competitors to fix the prices of their offerings. This move was essential because of the price sensitivity of the oil market.

Kerin - Chapter 02

64. The market in which Charcos Oil competes exemplifies \_\_\_\_\_.

- A. perfect competition
- B. duopoly
- C. monopoly
- D. oligopoly

Oligopoly occurs when a few companies control a market. The given situation is an example of oligopoly.

Accessibility: Keyboard Navigation

Blooms: Apply

Difficulty: Moderate

Kerin - Chapter 02 #64

Learning Objective: 02-06 Describe the different forms of competition and the regulatory forces that shape the marketing industry

Topic: 02-16 Competitive Forces

65. Which of the following is likely to occur if Charcos Oil reduces its prices?
- A. The company's profitability will increase.
  - B. Competitors will also follow the price cut.**
  - C. The market will become a monopoly.
  - D. Some of the competitors will stop business.

In an oligopoly, an unnecessary price cut will be followed by the entire industry. It may result in profits being taken out of the category for everyone.

*Accessibility: Keyboard Navigation*

*Blooms: Apply*

*Difficulty: Moderate*

*Kerin - Chapter 02 #65*

*Learning Objective: 02-06 Describe the different forms of competition and the regulatory forces that shape the marketing industry*

*Topic: 02-16 Competitive Forces*

66. Which of the following types of competition is criticized for price collusion?
- A. oligopoly**
  - B. differentiated competition
  - C. monopoly
  - D. perfect competition

Because there is limited competition in an oligopoly, companies can easily control prices and are often criticized for price collusion.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #66*

*Learning Objective: 02-06 Describe the different forms of competition and the regulatory forces that shape the marketing industry*

67. Which of the following is a type of competition where a large number of sellers compete with each other and offer customers substitute products with product differentiation?

- A. monopolistic competition
- B. monopoly
- C. oligopoly
- D. monopsony

Monopolistic competition is a type of competition where a large number of sellers compete with each other, offering customers similar or substitute products.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #67*

*Learning Objective: 02-06 Describe the different forms of competition and the regulatory forces that shape the marketing industry*

*Topic: 02-16 Competitive Forces*

68. Which of the following statements is true of monopolistic competition?

- A. Monopolistic competition is driven by price competition rather than differentiation.
- B. Large numbers of sellers compete with each other in monopolistic competition.
- C. Monopolistic competition occurs when a few companies control a market.
- D. Companies that sell commodities are in a monopolistic competition.

A large number of sellers compete with each other, offering customers similar or substitute products.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #68*

*Learning Objective: 02-06 Describe the different forms of competition and the regulatory forces that shape the marketing industry*

*Topic: 02-16 Competitive Forces*

69. Which of the following types of products is most likely to instigate perfect competition in a market?

A. packaged foods

B. cars

C. cell phones

D. grains

Perfect competition exists typically in commodities, that is, products such as grains, vegetables, or coal.

*Accessibility: Keyboard Navigation*

*Blooms: Understand*

*Difficulty: Moderate*

*Kerin - Chapter 02 #69*

*Learning Objective: 02-06 Describe the different forms of competition and the regulatory forces that shape the marketing industry*

*Topic: 02-16 Competitive Forces*

70. Which of the following is the reason why regulations are placed on marketing practices?
- A. to protect consumers from unscrupulous business practices
  - B. to maximize the profitability of individual firms
  - C. to promote product differentiation in markets
  - D. to prevent monopolistic competition in markets

Regulations are put in place to protect consumers from unscrupulous business practices, to set acceptable standards of practice, and to encourage fair competition.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #70*

*Learning Objective: 02-06 Describe the different forms of competition and the regulatory forces that shape the marketing industry*

*Topic: 02-18 Regulatory Forces*

71. Which of the following agencies is primarily responsible for the administration and enforcement of the Competition Act and the Consumer Packaging and Labelling Act?
- A. Canadian Marketing Association
  - B. Canadian R-T Commission
  - C. Competition Bureau
  - D. Better Business Bureau

The Competition Bureau is responsible for the administration and enforcement of the Competition Act and the Consumer Packaging and Labelling Act.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

72. Which of the following is a basic function of the Competition Bureau?

- A. endorsing marketing performance in Canada
- B. curtailing false and misleading representations to sell products**
- C. establishing perfect competition in Canadian markets
- D. monitoring digital information available to customers

The Competition Bureau's role is to promote and maintain fair competition and to curtail false and misleading representations to sell products.

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Easy

Kerin - Chapter 02 #72

73. Which of the following statements is true of the Canadian Children's Food and Beverage Advertising Initiative (CAI)?

- A. The Canadian Children's Food and Beverage Advertising Initiative is an agency of the Canadian government.
- B. The initiative does not cover children above 10 years of age.
- C. It covers only traditional TV advertising directed to children.
- D. The initiative is monitored by the Advertising Standards Canada.

The Canadian Children's Food and Beverage Advertising Initiative is monitored by the Advertising Standards Canada, which publishes an annual compliance report.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #73*

*Learning Objective: 02-06 Describe the different forms of competition and the regulatory forces that shape the marketing industry*

*Topic: 02-21 Online Behavioural Advertising*

74. \_\_\_\_\_ refers to the dissemination of unsolicited electronic messages to recipients.

- A. Spoofing
- B. Virus
- C. Spam
- D. Cookie

Spam refers to the dissemination of unsolicited electronic messages to recipients.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

75. Marketing environmental scans are conducted routinely by marketers to \_\_\_\_\_.

- A. gather data
- B. see what the competition is doing
- C. brainstorm
- D. ensure that products stay relevant to the consumer

Marketing environment scans are conducted routinely by marketers to ensure that products stay relevant, are engaging, and resonate with consumers.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #75*

*Learning Objective: 02-07 List the steps in a marketing environment scan*

*Topic: 02-12 Environmental Awareness*

76. A marketing environmental scan will often be conducted \_\_\_\_\_.

- A. annually
- B. monthly
- C. every quarter year
- D. every 2 years

A marketing environmental scan will often be conducted annually as part of the marketing planning process.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Moderate*

*Kerin - Chapter 02 #76*

*Learning Objective: 02-07 List the steps in a marketing environment scan*

*Topic: 02-12 Environmental Awareness*

77. How many steps are in an environmental scan?

A. 12 steps

B. 6 steps

C. 8 steps

D. 3 steps

There are three steps in an environmental scan.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #77*

*Learning Objective: 02-07 List the steps in a marketing environment scan*

*Topic: 02-12 Environmental Awareness*

78. The starting point of an environmental scan is?

A. Conduct competitive reviews

B. Cluster the information into facts

C. Brainstorm on marketing ideas

D. Gather data and information

Step one is to gather facts and trends.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

79. How many factors are there in an environmental scan?

A. 3

**B.** 6

C. 7

D. 10

There are six factors in an environmental scan.

80. Why should marketers be aware of changes and developments in each area of a marketing environment scan?

- A. to determine where and when further analyses are needed
- B. to go where a company should be directing their energies
- C. to understand what a company needs to do
- D. to get ahead of their competitors

Marketers should be aware of changes and developments in each area of a marketing environment scan so that it is easier to determine when and where further analyses are needed.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #80*

*Learning Objective: 02-07 List the steps in a marketing environment scan*

*Topic: 02-12 Environmental Awareness*

81. Demographic forces are a key area that affects the marketing environment of businesses.

**TRUE**

The following are six key areas that affect the marketing environment of companies: (1) demographic forces, (2) socio-cultural forces, (3) economic forces, (4) technological forces, (5) competitive forces, and (6) regulatory forces.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #81*

*Learning Objective: 02-01 Understand the importance of a marketing environment scan and how it is used to improve marketing programs*

*Topic: 02-12 Environmental Awareness*

82. A marketing environmental scan is performed to identify trends and pinpoint opportunities and threats to a business.

**TRUE**

A marketing environmental scan is the process of continually acquiring information on events occurring outside an organization to identify trends and pinpoint opportunities and threats to a business.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #82*

*Learning Objective: 02-02 Describe the elements of a marketing environment scan and summarize the trends affecting each area*

*Topic: 02-12 Environmental Awareness*

83. Albert, who was born in 1978, is a baby boomer.

**FALSE**

Baby boomers are people who were born between 1946 and 1965.

*Accessibility: Keyboard Navigation*

*Blooms: Understand*

*Difficulty: Moderate*

*Kerin - Chapter 02 #83*

*Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that affect marketing approaches*

*Topic: 02-02 An Aging Population*

84. Generation X is the group of people born between 1972 and 1992 and referred to as millennials.

**FALSE**

Generation Y is the group of people born between 1972 and 1992 and referred to as millennials.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #84*

*Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that affect marketing approaches*

*Topic: 02-03 Diverse Generations*

85. Generation Z consumers are considered to be pioneers of social media.

**TRUE**

Generation Z is the group of people born between 1993 and beyond. They have grown up with the Internet, and as pioneers of social media are considered the most disruptive of the generations.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #85*

*Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that affect marketing approaches*

*Topic: 02-03 Diverse Generations*

86. Socio-cultural forces refer to cultural values, ideas, and attitudes that are learned and shared among a group of people.

**TRUE**

Socio-cultural forces refer to cultural values, ideas, and attitudes that are learned and shared among a group of people.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #86*

*Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that affect marketing approaches*

*Topic: 02-08 Socio-Cultural Forces*

87. Marketers have noted that consumers have taken the reins of the communication channel.

**TRUE**

There are evolving media habits and marketing know that consumers will choose how they listen to marketing messages.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #87*

*Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that affect marketing approaches*

*Topic: 02-09 Media*

88. Macroeconomic forces refer to the state of a country's economy as a whole.

**TRUE**

Macroeconomic forces refer to the state of a country's economy as a whole.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #88*

*Learning Objective: 02-04 Explain how changes in the economic environment influence consumer purchase behaviour*

*Topic: 02-14 Economic Forces*

89. Inflation is a period in which product prices rise without an increase in the cost of production.

**FALSE**

Inflation refers to a period when the cost to produce and buy products and services gets higher as prices rise.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #89*

*Learning Objective: 02-04 Explain how changes in the economic environment influence consumer purchase behaviour*

*Topic: 02-14 Economic Forces*

90. A recession is a time of slow economic activity with two consecutive periods of negative growth.

**TRUE**

A recession is a time of slow economic activity with two consecutive periods of negative growth.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #90*

*Learning Objective: 02-04 Explain how changes in the economic environment influence consumer purchase behaviour*

*Topic: 02-14 Economic Forces*

91. Greg has \$60,000 left annually for spending after paying all the taxes. Greg's gross income is \$60,000.

**FALSE**

Gross income is the total amount of money made in one year by a person, household, or family unit including taxes.

*Accessibility: Keyboard Navigation*

*Blooms: Understand*

*Difficulty: Moderate*

*Kerin - Chapter 02 #91*

*Learning Objective: 02-04 Explain how changes in the economic environment influence consumer purchase behaviour*

*Topic: 02-14 Economic Forces*

92. Disposable income is the after-tax income a consumer has left after paying for necessities.

**FALSE**

Disposable income is the after-tax income that consumers have left for spending and savings. Consumers use this income for buying necessities.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #92*

*Learning Objective: 02-04 Explain how changes in the economic environment influence consumer purchase behaviour*

*Topic: 02-14 Economic Forces*

93. A consumer has \$100,000 left for spending and savings after paying his taxes. This sum amounts to his disposable income.

**TRUE**

Disposable income is the after-tax income that consumers have left for spending and savings.

*Accessibility: Keyboard Navigation*

*Blooms: Understand*

*Difficulty: Moderate*

*Kerin - Chapter 02 #93*

*Learning Objective: 02-04 Explain how changes in the economic environment influence consumer purchase behaviour*

*Topic: 02-14 Economic Forces*

94. Cloud computing refers to the ability to access and use programs from a personal computer.

**FALSE**

Cloud computing refers to the ability to access and use programs on the Internet without owning the software.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #94*

*Learning Objective: 02-05 Discuss the technological developments shaping current marketing practices*

*Topic: 02-15 Technological Forces*

95. Competitive forces refer to alternative products that can satisfy a specific market's needs.

**TRUE**

Competitive forces refer to alternative products that can satisfy a specific market's needs.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #95*

*Learning Objective: 02-06 Describe the different forms of competition and the regulatory forces that shape the marketing industry*

*Topic: 02-16 Competitive Forces*

96. Direct competitors refer to products that compete for the same buying dollar in a slightly different category.

**FALSE**

Direct competitors refer to very similar products sold in the same category.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #96*

*Learning Objective: 02-06 Describe the different forms of competition and the regulatory forces that shape the marketing industry*

*Topic: 02-16 Competitive Forces*

97. Oligopoly is a type of competition that occurs when few companies control a market.

**TRUE**

Oligopoly is a type of competition that occurs when few companies control a market.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #97*

*Learning Objective: 02-06 Describe the different forms of competition and the regulatory forces that shape the marketing industry*

*Topic: 02-16 Competitive Forces*

98. A locality has only one cable service provider. The locality experiences monopolistic competition in the cable service market.

**FALSE**

Monopolistic competition is a type of competition where a large number of sellers compete with each other, offering customers similar or substitute products.

*Accessibility: Keyboard Navigation*

*Blooms: Understand*

*Difficulty: Moderate*

*Kerin - Chapter 02 #98*

*Learning Objective: 02-06 Describe the different forms of competition and the regulatory forces that shape the marketing industry*

*Topic: 02-16 Competitive Forces*

99. Products such as grains and vegetables cannot function in an environment where perfect competition exists.

**FALSE**

Perfect competition refers to the type of competition where there are many sellers with nearly identical products and little differentiation. Products such as grains, vegetables, or coal often function in an environment where perfect competition exists.

*Accessibility: Keyboard Navigation*

*Blooms: Understand*

*Difficulty: Moderate*

*Kerin - Chapter 02 #99*

*Learning Objective: 02-06 Describe the different forms of competition and the regulatory forces that shape the marketing industry*

*Topic: 02-16 Competitive Forces*

*Topic: 02-18 Regulatory Forces*

100. Regulations refer to the restrictions placed on marketing practices by government and industry associations.

**TRUE**

Regulations refer to the restrictions placed on marketing practices by government and industry associations.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #100*

*Learning Objective: 02-06 Describe the different forms of competition and the regulatory forces that shape the marketing industry*

*Topic: 02-18 Regulatory Forces*

101. The Advertising Standards Canada is a self-regulatory non-government association run by advertising, media, and marketing professionals.

**TRUE**

ASC is a self-regulatory non-government association run by advertising, media and marketing professionals with the purpose of setting and regulating standards of professional practice in the advertising industry.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #101*

*Learning Objective: 02-06 Describe the different forms of competition and the regulatory forces that shape the marketing industry*

*Topic: 02-18 Regulatory Forces*

102. The Canadian Marketing Association provides guidelines for its members through its Code of Ethics and Standards of Practice.

**TRUE**

The Canadian Marketing Association (CMA) is the backbone of the marketing industry in Canada. It provides guidelines for its members through its Code of Ethics and Standards of Practice.

*Accessibility: Keyboard Navigation*

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #102*

*Learning Objective: 02-06 Describe the different forms of competition and the regulatory forces that shape the marketing industry*

*Topic: 02-18 Regulatory Forces*

103. A company introduces a contest that requires a mix of chance and skill. This contest will be illegal in Canada.

**FALSE**

According to the Canadian Marketing Association Guide to Promotional Contests, contests that require a mix of chance and skill are legal, as well as pure skill-based contests.

*Accessibility: Keyboard Navigation*

*Blooms: Understand*

*Difficulty: Moderate*

*Kerin - Chapter 02 #103*

*Learning Objective: 02-06 Describe the different forms of competition and the regulatory forces that shape the marketing industry*

*Topic: 02-16 Competitive Forces*

*Topic: 02-18 Regulatory Forces*

104. Explain the purpose of conducting a SWOT analysis.

SWOT analysis is performed to assess how well a company is servicing its business and target consumers by assessing an organization's internal strengths and weaknesses, as well as its external opportunities and threats.

*Blooms: Understand*

*Difficulty: Moderate*

*Kerin - Chapter 02 #104*

*Learning Objective: 02-02 Describe the elements of a marketing environment scan and summarize the trends affecting each area*

*Topic: 02-12 Environmental Awareness*

105. Pick a company of your choice and conduct a SWOT analysis.

The students have to select a company of their choice and perform SWOT analysis to identify the strengths, weaknesses, opportunities, and threats. Student answers will vary for this question.

*Blooms: Understand*

*Difficulty: Moderate*

*Kerin - Chapter 02 #105*

*Learning Objective: 02-02 Describe the elements of a marketing environment scan and summarize the trends affecting each area*

*Topic: 02-12 Environmental Awareness*

106. Briefly explain the main generational groups of consumers that marketers consider.

Baby boomers are the main reason for the greying of North America. During the baby boom (between 1946 and 1964), families had an average of 4 children versus the current average of 1.54.

Generation X is the group of people born after the baby boomers, between 1965 and 1974.

Generation Y is the group of people born between 1975 and 1991. These are mostly children of baby boomers, and are also referred to as the echo boom or millennials.

Generation Z is the group of people born between 1992 and 2010. They have grown up with the Internet, and as pioneers of social media are considered the most disruptive of the generations.

*Blooms: Understand*

*Difficulty: Moderate*

*Kerin - Chapter 02 #106*

*Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that affect marketing approaches*

*Topic: 02-01 Demographic Forces*

107. Explain big city dwelling in Canada.

Canada is one of the most urbanized nations in the world. Most Canadians live in urban areas or their suburbs. Statistics indicate that cities are growing much more quickly than rural areas, which lag behind the rest of the country in growth rates.

*Blooms: Understand*

*Difficulty: Moderate*

*Kerin - Chapter 02 #107*

*Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that affect marketing approaches*

*Topic: 02-04 Big City Growth*

108. Explain the types of non-traditional families that a marketer is faced with in modern times.

Family size has decreased, with families having one or two children versus three or four (or more) in previous generations. The structure of the family has also changed, with evidence of more common-law relationships, single-parent families, and blended families. Over the last few years, same-sex marriages have also surfaced.

*Blooms: Understand*

*Difficulty: Moderate*

*Kerin - Chapter 02 #108*

*Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that affect marketing approaches*

*Topic: 02-07 Non-Traditional Families*

109. What are socio-cultural forces?

Socio-cultural forces refer to cultural values, ideas, and attitudes that are learned and shared among a group of people. This also includes society's morals and beliefs and is demonstrated through behaviour common among the socio-cultural group.

*Blooms: Understand*

*Difficulty: Moderate*

*Kerin - Chapter 02 #109*

*Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that affect marketing approaches*

*Topic: 02-08 Socio-Cultural Forces*

110. Consider an industry of your choice. Explain how macroeconomic forces affect that industry.

Macroeconomic forces refer to the state of a country's economy as a whole. A country's key economic indicators are its inflation rate, its unemployment rate, and its economic growth rate. Students should consider the impact of these factors in the industry that they have selected. Student answers will vary for this question.

*Blooms: Understand*

*Difficulty: Moderate*

*Kerin - Chapter 02 #110*

*Learning Objective: 02-04 Explain how changes in the economic environment influence consumer purchase behaviour*

*Topic: 02-12 Environmental Awareness*

111. Explain the concepts of recession and inflation.

One key economic indicator is inflation, a period when the cost to produce and buy products and services gets higher as prices rise. A recession is a time of slow economic activity with two consecutive periods of negative growth. During recessions, production levels decline, unemployment levels rise, and many consumers have less money to spend.

*Blooms: Understand*

*Difficulty: Moderate*

*Kerin - Chapter 02 #111*

*Learning Objective: 02-04 Explain how changes in the economic environment influence consumer purchase behaviour*

*Topic: 02-14 Economic Forces*

112. Compare and contrast microeconomic forces with macroeconomic forces.

Macroeconomic forces refer to the state of a country's economy as a whole. It affects many firms. Microeconomic forces directly refer to the supply of and demand for goods and services and how supply and demand are affected by individual, household, and company decisions to purchase. Microeconomic forces could be specific to single company. It refers to aspects such as consumer buying power.

*Blooms: Understand*

*Difficulty: Moderate*

*Kerin - Chapter 02 #112*

*Learning Objective: 02-04 Explain how changes in the economic environment influence consumer purchase behaviour*

*Topic: 02-12 Environmental Awareness*

113. Compare and contrast direct competitors and indirect competitors.

Any changes made by a major competitor in the areas of product, price, place, and promotion are routinely noted and detailed analyses are conducted to determine the impact on business results. These head-to-head competitors are called direct competitors and refer to very similar products sold in the same category.

Indirect competitors are those products that compete for the same buying dollar but in a slightly different category.

*Blooms: Understand*

*Difficulty: Moderate*

*Kerin - Chapter 02 #113*

*Learning Objective: 02-06 Describe the different forms of competition and the regulatory forces that shape the marketing industry*

*Topic: 02-16 Competitive Forces*

114. Describe the areas under which the Advertising Standards Canada (ASC) encourages truth in advertising

Advertising Standards Canada (ASC) encourages truth in advertising through a Code that provides guidelines under these areas:

- (1) Accuracy and clarity
- (2) Disguised advertising techniques
- (3) Price claims
- (4) Bait and switch
- (5) Guarantees
- (6) Comparative advertising
- (7) Testimonials
- (8) Professional or scientific claims
- (9) Imitation
- (10) Safety
- (11) Superstition and fears
- (12) Advertising to children
- (13) Advertising to minors
- (14) Unacceptable depictions and portrayal

*Blooms: Remember*

*Difficulty: Easy*

*Kerin - Chapter 02 #114*

*Learning Objective: 02-06 Describe the different forms of competition and the regulatory forces that shape the marketing industry*

*Topic: 02-18 Regulatory Forces*

115. Explain the role of the Canadian Radio-television and Telecommunications Commission.

The Canadian Radio-television and Telecommunications Commission (CRTC) is a government agency that sets guidelines and enforces a clear set of regulations on Canadian businesses. It administers the Broadcasting Act and Telecommunications Act, among others, setting guidelines for broadcast standards. It also adjudicates on the ownership of media companies to ensure that monopolies do not exist and approves broadcast licences for TV and radio stations. It also sets guidelines on the broadcast of Canadian content and sets the number of minutes of advertising permitted hourly on TV.

*Blooms: Understand*

*Difficulty: Moderate*

*Kerin - Chapter 02 #115*

*Learning Objective: 02-06 Describe the different forms of competition and the regulatory forces that shape the marketing industry*

*Topic: 02-18 Regulatory Forces*

116. Briefly describe the role of the Advertising Standards of Canada (ASC).

ASC is a self-regulatory non-government association run by advertising, media and marketing professionals with the purpose of setting and regulating standards of professional practice in the advertising industry. The industry has agreed to abide by its leadership, code, process, and rulings. Advertising Standards Canada sets and regulates advertising guidelines, monitored through a consumer complaint process. A single complaint will trigger a review of advertising places in the Canadian media, what the eventual withdrawal of the ad if changes are required and need to be made. The ASC also provides advice and pre-clearance services for advertisers.

*Blooms: Remember*

*Difficulty: Easy*

117. Illustrate the significance of PIPEDA guidelines in an online environment.

PIPEDA signify privacy guidelines for an online environment. In an online environment, privacy policies must be clearly posted on all websites and detail what personal information is collected, how it is collected, how it is used and protected, whether information is disclosed to outside parties, and whether the company complies with Canadian privacy legislation and anti-spam laws. The policy needs to be honest, clear, and regularly reviewed.

*Blooms: Understand*

*Difficulty: Moderate*

*Kerin - Chapter 02 #117*

*Learning Objective: 02-06 Describe the different forms of competition and the regulatory forces that shape the marketing industry*

*Topic: 02-21 Online Behavioural Advertising*

# Chapter 02 The Marketing Environment Summary

<u>Category</u>	<u># of Questions</u>
Accessibility: Keyboard Navigation	99
Blooms: Apply	17
Blooms: Remember	68
Blooms: Understand	32
Difficulty: Difficult	1
Difficulty: Easy	65
Difficulty: Moderate	51
Kerin - Chapter 02	121
Learning Objective: 02-	3
01 Understand the importance of a marketing environment scan and how it is used to improve marketing programs	
Learning Objective: 02-	7
02 Describe the elements of a marketing environment scan and summarize the trends affecting each area	
Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that affect marketing approaches	33
Learning Objective: 02-	29
04 Explain how changes in the economic environment influence consumer purchase behaviour	
Learning Objective: 02-05 Discuss the technological developments shaping current marketing practices	4
Learning Objective: 02-	35
06 Describe the different forms of competition and the regulatory forces that shape the marketing industry	
Learning Objective: 02-07 List the steps in a marketing environment scan	6
Topic: 02-01 Demographic Forces	2
Topic: 02-02 An Aging Population	7
Topic: 02-03 Diverse Generations	13
Topic: 02-04 Big City Growth	2
Topic: 02-07 Non-Traditional Families	1
Topic: 02-08 Socio-Cultural Forces	5
Topic: 02-09 Media	3
Topic: 02-12 Environmental Awareness	18

Topic: 02-13 Evolving Gender Roles	1
Topic: 02-14 Economic Forces	26
Topic: 02-15 Technological Forces	4
Topic: 02-16 Competitive Forces	22
Topic: 02-18 Regulatory Forces	12
Topic: 02-20 Spam	1
Topic: 02-21 Online Behavioural Advertising	2