

## Chapter 2—The Marketing Environment, Social Responsibility, and Ethics

### MULTIPLE CHOICE

1. What is the term for the concern of business for the long-range welfare of both the company and its relationships to the society within which it operates?
- consumerism
  - corporate social responsibility
  - cultural sensitivity
  - conventional morality

ANS: B                      PTS: 1                      REF: 27-28                      OBJ: 02-9  
TOP: AACSB Ethics| TB&E Model Strategy                      BLM: Remember

2. Novartis created the Novartis Research Institute for Tropical Diseases in Singapore. The institute is unique because it is a not-for-profit organization that focuses on the discovery of new drugs for the treatment of neglected diseases, such as dengue fever and tuberculosis. This is not only good business, but also which of the following?
- mandated by local court rulings
  - socially responsible
  - unrelated to any ethical motivation
  - environmental marketing

ANS: B  
Social responsibility is the duty that business feels for the welfare of society. By helping developing nations, Novartis is helping to meet the needs of society.

PTS: 1                      REF: 27-28                      OBJ: 02-9  
TOP: AACSB Ethics| TB&E Model Strategy                      BLM: Higher Order

3. How is corporate social responsibility defined?
- as the belief that the legal system defines ethical behaviour
  - as the development of inclusive codes of ethics
  - as the rules by which social rewards are attained
  - as the concern for social welfare by businesses

ANS: D                      PTS: 1                      REF: 27-28                      OBJ: 02-9  
TOP: AACSB Ethics| TB&E Model Strategy                      BLM: Remember

4. Which of the following best describes the effect corporate social responsibility has had on the business environment?
- many firms are finding it easy to implement
  - it requires companies to sacrifice economic performance for the sake of their stakeholders
  - it does not influence competition
  - it may not always result in profit and growth

ANS: D                      PTS: 1                      REF: 27-28                      OBJ: 02-9  
TOP: AACSB Ethics| TB&E Model Strategy                      BLM: Higher Order

5. For every home built by Habitat for Humanity, Whirlpool Corporation has given and continues to give free kitchen appliances to the deserving family. This donation of appliances is an example of how companies assume which of the following?
- corporate social responsibility
  - ethical conveyance
  - a duty to engage in cause marketing
  - a right to engage in social marketing

ANS: A

Corporate social responsibility is a business's concern for society's welfare, in this case deserving families selected by the Habitat organization.

PTS: 1

REF: 27-28

OBJ: 02-9

TOP: AACSB Ethics| TB&E Model Strategy

BLM: Higher Order

6. What is the term for the idea that socially responsible companies will outperform their peers by focusing on the world's social problems and viewing them as opportunities to build profit and help the world at the same time?
- sustainability
  - philanthropy
  - cause marketing
  - creative ethics

ANS: A

PTS: 1

REF: 27-28

OBJ: 02-9

TOP: AACSB Ethics| TB&E Model Strategy

BLM: Remember

7. Which of the following statements best characterizes the theory of sustainability?
- Sustainability is an internal process in which companies match resources and objectives.
  - Sustainability is the idea that socially responsible companies will outperform their peers when they focus on the world's problems as marketing opportunities.
  - Sustainability cannot be socially responsible without a code of ethics and managerial support of that code.
  - Sustainability and ethical behaviour should never be viewed as the means of obtaining a competitive advantage.

ANS: B

Sustainability is the idea that socially responsible companies will outperform their peers by focusing on the world's social problems and viewing them as opportunities to build profit and help the world at the same time.

PTS: 1

REF: 27-28

OBJ: 02-9

TOP: AACSB Ethics| TB&E Model Strategy

BLM: Higher Order

8. Maple Gas and Electric (MG&E) Company has donated almost \$300,000 to 9 provincial governments and community-based organizations for local economic development projects. Recipients of these grants include the Manitoba Economic Development Corporation's Business Outreach Program, the New Brunswick Affordable Single-Family Housing Project, and the Alberta Business Development Training Program. This sort of donation indicates MG&E was operating at which responsibility level?
- legal
  - philanthropic
  - ethical
  - economic

ANS: B

By supporting local economic development projects, PG&E was being a good corporate citizen.

PTS: 1                      REF: 27-28                      OBJ: 02-9  
TOP: AACSB Reflective Thinking| TB&E Model Strategy                      BLM: Higher Order

9. What are the four components of the pyramid of corporate social responsibility?
- sustainability, creativity, profit, and culture
  - economic, legal, ethical, and philanthropic
  - organizational, financial, social, and cultural
  - sustainability, legality, creativity, and competition

ANS: B                      PTS: 1                      REF: 27                      OBJ: 02-9  
TOP: AACSB Ethics| TB&E Model Strategy                      BLM: Remember

10. Which of the following statements best describes ethics?
- Ethics are the moral principles or values that generally govern the conduct of an individual.
  - Ethics is the standard of behaviour upon which legal actions will be made.
  - Ethics are unrelated to social behaviour.
  - Ethics and values are only situation-specific

ANS: A                      PTS: 1                      REF: 28                      OBJ: 02-10  
TOP: AACSB Ethics| TB&E Model Strategy                      BLM: Higher Order

11. Which of the following sayings best describes how people with conventional morality act?
- Don't put all of your eggs in one basket.
  - When in Rome, do as the Romans do.
  - Be wary of strangers bearing gifts.
  - A rolling stone gathers no moss.

ANS: B                      PTS: 1                      REF: 30                      OBJ: 02-10  
TOP: AACSB Ethics| TB&E Model Strategy                      BLM: Higher Order

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

ANS: A

Preconventional morality is the most basic level of morality.

PTS: 1

REF: 30

OBJ: 02-10

TOP: AACSB Analytic| TB&E Model Research

BLM: Higher Order

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

ANS: D

Postconventional morality is that of the mature adult. At this level, the individual is more concerned about others than about him- or herself.

PTS: 1

REF: 30

OBJ: 02-10

TOP: AACSB Ethics| TB&E Model Strategy

BLM: Higher Order

14. The use of ethical decision making is affected by which of the following?
- the influence of junior managers
  - the probability of harmful outcomes
  - depends on the number of countries to be affected
  - depends on the magnitude of possible consequences

ANS: D

PTS: 1

REF: 29-30

OBJ: 02-10

TOP: AACSB Ethics| TB&E Model Strategy

BLM: Higher Order

15. Which of the following factors tends to influence ethical decision making and judgments?
- probability of a harmful outcome
  - length of time between the onset of consequences and legal action
  - level of multiculturalism
  - number of employees to be affected

ANS: A                      PTS: 1                      REF: 29-30                      OBJ: 02-10  
TOP: AACSB Ethics| AACSB Diversity| TB&E Model Strategy  
BLM: Higher Order

16. Like many other professional organizations and businesses, the Society of Civil Engineers has developed a formal, written guideline to help its members make better ethical decisions. This document would be best described by which of the following terms?
- behavioural practice
  - moral ruling
  - code of ethics
  - direction of value

ANS: C  
While codes of ethics are most often defined as guidelines for businesses, they are also important moral guides for professional organizations.

PTS: 1                      REF: 30                      OBJ: 02-10  
TOP: AACSB Ethics| TB&E Model Product                      BLM: Remember

17. Which of the following statements best describes the effect a code of ethics has on employees?
- A code helps employees avoid confusion when determining whether their decisions are ethical.
  - A code can be an effective external control on behaviour.
  - The process of formulating the code facilitates discussions that ultimately create weakened decisions.
  - A code helps employees identify what the law recognizes to be acceptable business practices.

ANS: A                      PTS: 1                      REF: 30                      OBJ: 02-10  
TOP: AACSB Ethics| TB&E Model Strategy                      BLM: Higher Order

18. A human resources manager is creating a code of ethics for the employees of the retirement home she works for. Which of the following is an ethics principle she should keep in mind as she creates this code?
- The principles should not upset current retirement home workers and future job applicants.
  - The principles should be fair to administrative staff.
  - The principles of the code should be a result of input from senior management
  - Principles can deviate from common practices because of the prestigious nature of the facility.

ANS: A

An unethical code would presume that the company is an exception to a common practice in the industry.

PTS: 1 REF: 29-30 OBJ: 02-10

TOP: AACSB Ethics| TB&E Model Strategy

BLM: Higher Order

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

ANS: A PTS: 1 REF: 15 OBJ: 02-1

TOP: AACSB Reflective Thinking| TB&E Model Customer

BLM: Remember

20. Johnson Publishing Company, the world's largest Caribbean-owned publishing company and home of *Rumpunch* magazine, has forged an alliance with Dan River, Inc., to create luxury bed and bath products for the newly developed Rumpunch Home brand. Rumpunch Home will use the publisher's long history and expertise to market to various demographics of the Caribbean market. Which of the following terms best describes who Rumpunch wants to sell to?
- target market
  - buying centre
  - aggregated unit
  - consumer cluster

ANS: A

A target market is a defined group that managers believe is most likely to buy a firm's product.

PTS: 1 REF: 15 OBJ: 02-1

TOP: AACSB Reflective Thinking| TB&E Model Customer

BLM: Higher Order

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

ANS: B

Target markets are defined and described, but they are always changing in response to environmental changes.

PTS: 1

REF: 15

OBJ: 02-1

TOP: AACSB Reflective Thinking| TB&E Model Customer

BLM: Higher Order

22. Colourific is a relatively new competitor for Crayola colouring products. At the beginning of the new year for elementary students, the people buying school supplies is whom Colourific wants to sell to, they would be classified as which of the following?
- target market
  - buying centre
  - mass market
  - consumer sample

ANS: A

A target market is a defined group that managers believe is most likely to buy its products.

PTS: 1

REF: 15

OBJ: 02-1

TOP: AACSB Reflective Thinking| TB&E Model Marketing Plan

BLM: Higher Order

23. Which of the following is the most accurate description of the external environment?
- can be controlled in much the same manner as the internal marketing mix
  - cannot be influenced by marketing managers
  - only changes very slowly over time
  - must be continually monitored by marketing managers

ANS: D

PTS: 1

REF: 16

OBJ: 02-1

TOP: AACSB Reflective Thinking| TB&E Model Strategy

BLM: Higher Order

24. The external environment is a strong influence on a target market. What can it be a source of for the marketing manager?
- opportunities and threats
  - threats and strengths
  - environmental loopholes
  - opportunities and weaknesses

ANS: A

The external environment can provide opportunities to serve new and changing needs, as well as warnings about changes that could threaten the current position of the firm. Students will need to remember what a SWOT analysis is to answer this question.

PTS: 1

REF: 16

OBJ: 02-1

TOP: AACSB Reflective Thinking| TB&E Model Customer BLM: Higher Order

25. What can marketing managers often influence, but NOT control?
- where advertising is placed
  - the external environment
  - the sales force
  - the distribution strategy

ANS: B

The external environment is basically uncontrollable, but the other answers are part of the marketing mix.

PTS: 1

REF: 16

OBJ: 02-2

TOP: AACSB Reflective Thinking| TB&E Model Strategy BLM: Higher Order

26. As technology continues to offer more methods for shopping on the Internet, manufacturers and traditional retailers are finding themselves in direct competition with each other. In this case, manufacturers and retailers cannot intelligently plan for the future unless marketing managers understand which of the following?
- their competitive advantage
  - the latest technological innovations
  - how consumers are assimilating new technology
  - changing social attitudes toward shopping

ANS: C

PTS: 1

REF: 23-24

OBJ: 02-6

TOP: AACSB Technology| TB&E Model Online/Computer BLM: Higher Order



27. What is apparently the most difficult external variable for marketing managers to forecast, influence, or integrate into marketing plans?
- technology
  - social factors
  - demography
  - competition

ANS: B

Social factors and changes are difficult to foresee, because they are usually slow and/or small changes. Also, it is very difficult for one company to affect social factors in any appreciable manner.

PTS: 1

REF: 16

OBJ: 02-2

TOP: AACSB Reflective Thinking| TB&E Model Marketing Plan

BLM: Higher Order

28. The newest Coca-Cola vending machines have interactive screens that run advertisements and allow users to obtain free photos of themselves and ringtones after they have bought a drink. The reason for the introduction of this new-style vending machine is to “allow the company to interact more directly with its digital-age customers.” Around the world, Coke and junk food, in general, are facing television advertising bans. By developing this machine, and by modifying its external environment through the use of technology, what has Coke engaged in?
- re-engineering
  - environmental management
  - social machinations
  - technology diversity

ANS: B

When a company implements strategies that attempt to shape the external environment within which it operates, it is engaging in environmental management.

PTS: 1

REF: 16

OBJ: 02-1

TOP: AACSB Reflective Thinking| TB&E Model Promotion| TB&E Model Distribution| TB&E Model Product

BLM: Higher Order

29. When a company implements strategies that attempt to shape the external environment in which it operates, what is it engaging in?
- synergistic control
  - environmental management
  - transactional management
  - market control

ANS: B

PTS: 1

REF: 16

OBJ: 02-1

TOP: AACSB Reflective Thinking| TB&E Model Strategy

BLM: Remember

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

ANS: C

Attempting to influence external environmental factors is known as environmental management.

PTS: 1

REF: 16

OBJ: 02-1

TOP: AACSB Reflective Thinking| TB&E Model Promotion

BLM: Higher Order

31. Consumers buying lumber are increasingly asking the retailers from whom they are buying the products if the lumber is from a nation that is destroying its environment. As a result, commercial buyers are asking Indonesian suppliers the same questions. Approximately 80 percent of the lumber produced in Indonesia is illegally logged. Two logging companies in Indonesia are putting computerized bar codes on their logs to show they were legally harvested. The companies hope this coding will provide evidence that they are engaging in which of the following?
- proactive evaluation
  - transactional control
  - synergistic control
  - environmental management

ANS: D

Attempting to influence external environmental factors is environmental management.

PTS: 1

REF: 16

OBJ: 02-1

TOP: AACSB Reflective Thinking| TB&E Model Product

BLM: Higher Order

32. What are the environmental factors concerned with the changes in people's values, lifestyles, and family roles?
- social
  - economic
  - political
  - demographic

ANS: A

PTS: 1

REF: 16

OBJ: 02-1

TOP: AACSB Reflective Thinking| TB&E Model Customer

BLM: Higher Order

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

ANS: D                      PTS: 1                      REF: 16-17                      OBJ: 02-2  
TOP: AACSB Reflective Thinking| TB&E Model Customer                      BLM: Higher Order

34. Cigarette manufacturers have had to eliminate the use of vending machines due to the machine's inability to check the buyers' ages. A cigarette manufacturer has developed vending machines that operate only after the user inserts a card verifying his or her age. By developing this machine, and by modifying its external environment through the use of technology, what has the cigarette manufacturer engaged in?
- re-engineering
  - environmental management
  - social machinations
  - technology diversity

ANS: B  
When a company implements strategies that attempt to shape the external environment within which it operates, it is engaging in environmental management.

PTS: 1                      REF: 15-16                      OBJ: 02-1  
TOP: AACSB Reflective Thinking| TB&E Model Product                      BLM: Higher Order

35. Coolsavings.com is one of the largest online distributors of in-store coupons, sales announcements, and mail-in rebates offered by national retailers and Internet commerce sites. Its marketing department keeps track of current external environmental changes. Although some information is relatively easy to collect, analyzing and forecasting trends is difficult. Which trends are most important for a company to understand and extremely difficult to forecast?
- demographic trends
  - economic trends
  - social trends
  - technological trends

ANS: C  
Managers have the least amount of information available about social trends.

PTS: 1                      REF: 16-17                      OBJ: 02-2  
TOP: AACSB Reflective Thinking| TB&E Model Promotion                      BLM: Higher Order

36. Consumer preference for low-carb diets has greatly modified the way food is being marketed. This concern with health issues is an example of which type of factor?
- economic
  - social
  - technological
  - demographic

ANS: B                      PTS: 1                      REF: 16-17                      OBJ: 02-2  
TOP: AACSB Reflective Thinking| TB&E Model Product| TB&E Model Customer  
BLM: Remember

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

ANS: D  
The food items were developed in response to time poverty.

PTS: 1                      REF: 16-17                      OBJ: 02-2  
TOP: AACSB Reflective Thinking| TB&E Model Product                      BLM: Higher Order

38. What do self-sufficiency, upward mobility, and conformity have in common?
- These are no longer valued attitudes.
  - They are attitudes that can easily be changed.
  - These are three perceptions that Canadians have of the Asian lifestyle.
  - These are three of the core values that have influenced lifestyles in North America.

ANS: D  
The fourth value is work ethic.

PTS: 1                      REF: 16                      OBJ: 02-2  
TOP: AACSB Reflective Thinking| TB&E Model Customer                      BLM: Remember

39. Many people in Canada choose to drink light beer because Canadians value thin and fit bodies. In Europe, light beers have had little success because flavour is valued more highly. For international beer manufacturers, what does this difference illustrate?
- how demography influences marketing
  - how competition influences marketing
  - how social factors influence marketing
  - how economic conditions influence marketing

ANS: C

Values are an example of social factors and influence the products people buy.

PTS: 1                      REF: 16                      OBJ: 02-2  
TOP: AACSB Reflective Thinking| TB&E Model International Perspective  
BLM: Higher Order

40. What is the term for the practice of choosing goods and services that meet one's diverse needs and interests rather than conforming to a single, traditional lifestyle?
- aggregated lifestyle
  - component lifestyle
  - psychographic lifestyle
  - demographically defined lifestyle

ANS: B                      PTS: 1                      REF: 16                      OBJ: 02-2  
TOP: AACSB Diversity| TB&E Model Product                      BLM: Remember

41. More and more people piecing together a variety of interests, products, and services and not conforming to traditional stereotypes. What are they enjoying?
- well-defined segments
  - component lifestyles
  - simple multipurpose products
  - conformity and cohesiveness

ANS: B                      PTS: 1                      REF: 16                      OBJ: 02-2  
TOP: AACSB Reflective Thinking| TB&E Model Product| TB&E Model Customer  
BLM: Remember

42. Donna Lassiter is a college teacher. She is also a rock climbing expert, a foster parent, and an accomplished violinist. Her other interests include glass blowing, gourmet cooking, and classic movies. How would marketers categorize Lassiter?
- as fitting into a caregiver segment
  - as a member of the typical education-based target segment
  - as not belonging to any target market
  - as having a component lifestyle

ANS: D

A component lifestyle pieces together products and services that fit a variety of interests and needs, and does not conform to a certain stereotype.

PTS: 1                      REF: 16-17                      OBJ: 02-2  
TOP: AACSB Reflective Thinking| TB&E Model Customer                      BLM: Higher Order

43. Anderson owns three dogs, loves to cook, is a member of a city arts commission, enjoys talk radio, likes to ride motorcycles, and is a rodeo competitor. All of these diverse needs and interests influence his choices of the goods and services he buys. What does Anderson have?
- a component lifestyle
  - a demographically oriented lifestyle
  - a multicultural orientation
  - a fragmented-market orientation

ANS: A

Component lifestyles are the practice of choosing goods and services that meet one's diverse needs and interests rather than conforming to a single, traditional lifestyle.

PTS: 1                      REF: 16-17                      OBJ: 02-2  
TOP: AACSB Reflective Thinking| TB&E Model Customer                      BLM: Higher Order

44. Why has the component lifestyle of many of today's consumers proven to be such a challenge to marketers?
- People with component lifestyles expect multi-tiered pricing.
  - The needs of people with component lifestyles are in constant flux.
  - Communication with people who have component lifestyles is very difficult.
  - There are no specialized lifestyle magazines that reach small segments of markets.

ANS: C

Communication with complex and diverse consumers is the challenge presented by component lifestyles.

PTS: 1                      REF: 16-17                      OBJ: 02-2  
TOP: AACSB Reflective Thinking| TB&E Model Customer                      BLM: Higher Order

One of the favourite foods in Thailand is shark fin soup. A San Francisco-based organization claimed the soup made by its leading producer contained mercury poison.

45. Refer to Shark Fin Soup. Sales for this company have plummeted. The popularity of this soup in Thailand represents which of the following factors?
- economic
  - technological
  - social
  - competitive

ANS: C

Food preferences are a cultural issue, and the lax enforcement of environmental protection laws is a legal/political factor.

PTS: 1                      REF: 16-17                      OBJ: 02-2  
TOP: AACSB Reflective Thinking| TB&E Model Strategy                      BLM: Higher Order

46. Refer to Shark Fin Soup. The leading producer of shark fin soup wanted to continue selling the soup because it believes it has a responsibility to its investors to be profitable. Which responsibility level is the soup manufacturer operating at?
- a. legal
  - b. philanthropic
  - c. ethical
  - d. economic

ANS: D

The company believed its mission was to be profitable.

PTS: 1

REF: 29-30

OBJ: 02-10

TOP: AACSB Reflective Thinking| TB&E Model Product

BLM: Higher Order

47. If you were to ask most Canadians what they most desired to make their life easier, a surprising number of them will say more time. This perception of “time poverty” has led to the use of high-tech communications everywhere. It is almost as if there are no boundaries between work and the rest of our lives. This feeling that there are not enough hours in a day has strongly influenced the marketing environment. What type of factor is this an example of?
- a. social
  - b. economic
  - c. legal
  - d. demographic

ANS: A

Research shows the number of people who say they never have enough time is growing. This number is influenced by the growing number of employed mothers.

PTS: 1

REF: 16-17

OBJ: 02-2

TOP: AACSB Technology| TB&E Model Strategy| TB&E Model Customer

BLM: Higher Order

48. What has the growth of dual-income families resulted in?
- a. burnout
  - b. a sense of entitlement
  - c. decreased time to shop
  - d. increased purchasing power

ANS: D

PTS: 1

REF: 22

OBJ: 02-5

TOP: AACSB Reflective Thinking| TB&E Model Customer

BLM: Remember

49. Which of the following events has had a greater effect on marketing than any other social change?
- a. the growing number of one-child families
  - b. the growing number of couples without children
  - c. the growing number of people on the Internet
  - d. the increasing number of employed women

ANS: D

PTS: 1

REF: 17

OBJ: 02-2

TOP: AACSB Reflective Thinking| TB&E Model Customer

BLM: Higher Order

Zimmer Centralpulse is the world's largest producer of replacement hips and knees for orthopaedic surgery.

50. Refer to Zimmer Centralpulse. The company is particularly interested in the market in southern British Columbia, where a large aging population lives. Which external environmental element most directly influences the continued growth of Zimmer Centralpulse?
- economics
  - political
  - culture
  - demography

ANS: D

Demography considers the age of the target market.

PTS: 1                      REF: 17-18                      OBJ: 02-3  
TOP: AACSB Diversity| TB&E Model Distribution| TB&E Model Customer  
BLM: Higher Order

51. Refer to Zimmer Centralpulse. The company has developed a new sturdier joint that will extend the life of the average replacement joint by five years. What did this longer-lasting joint result from?
- applied research
  - experiential research
  - demographically oriented research
  - value-added research

ANS: A

Applied research is an attempt to develop new or improved products.

PTS: 1                      REF: 23-24                      OBJ: 02-6  
TOP: AACSB Reflective Thinking| TB&E Model Research                      BLM: Higher Order

52. Ashley Kreeger is the director of marketing for a company that operates several assisted-living centres. The company is developing a marketing plan to cover the next five years of business. Kreeger must be sure she considers which of the following uncontrollable factors in her plan?
- place or distribution factors
  - media buying factors
  - demographic factors
  - inventory factors

ANS: C

All but demographic factors are controllable factors. See also Review Learning Outcome 3.

PTS: 1                      REF: 17-18                      OBJ: 02-3  
TOP: AACSB Analytic| TB&E Model Marketing Plan                      BLM: Higher Order



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

ANS: C                      PTS: 1                      REF: 17-18                      OBJ: 02-3  
TOP: AACSB Reflective Thinking| TB&E Model Customer                      BLM: Remember

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

ANS: D  
Values are a social factor.

PTS: 1                      REF: 22                      OBJ: 02-5  
TOP: AACSB Diversity| TB&E Model Customer                      BLM: Higher Order

55. Field Entertainment was given the task of distilling 75 years of Disney Magic into a two-hour show. While the task was formidable, the company described the results as multigenerational (meaning the newly created show appeals to children, parents, and grandparents). Which factors did Field Entertainment rely heavily on to develop a new show that would be appreciated by potential audiences of all ages?
- technological
  - cultural
  - demographic
  - competitive

ANS: C  
Age is a demographic characteristic.

PTS: 1                      REF: 17-18                      OBJ: 02-3  
TOP: AACSB Diversity| TB&E Model Customer                      BLM: Higher Order

56. Which of the following statements best characterizes the changing demographics in Canada today?
- a. Marketers are modifying products to appeal to different ethnicities.
  - b. Marketers are mainly focusing on the aging baby boomers.
  - c. Marketers are making separate ethnic ads for the same products.
  - d. Marketers are advertising more to the older demographic groups than the younger ones.

ANS: A

Immigration is not expected to slow to a trickle, although the diversity of the Canadian population is projected to stabilize in the next century as the birth rate among minorities plateaus.

PTS: 1 REF: 20-21 OBJ: 02-4

TOP: AACSB Analytic| TB&E Model Marketing Plan

BLM: Higher Order

57. Riot Media is a media and toy company that capitalizes on the “gross-out” humour factor that boys between the ages of 8 and 14 so love. Whom does it target?
- a. members of Generation X
  - b. a cohort generation
  - c. tweens
  - d. members of Generation Y

ANS: C

Tweens are described as pre- and early adolescents.

PTS: 1 REF: 17-18 OBJ: 02-3

TOP: AACSB Reflective Thinking| TB&E Model Customer

BLM: Higher Order

Girls between the ages of 8 and 14 are one of the growing markets for high-end shoe manufacturers. But doctors are finding that many of these girls are developing grown-up foot problems that once affected only women over 50.

58. Which girls are experiencing problems because they wanted to be fashionable?
- a. members of Generation X
  - b. a cohort generation
  - c. tweens
  - d. members of Generation Y

ANS: C

Tweens are described as pre- and early adolescents.

PTS: 1 REF: 17-18 OBJ: 02-3

TOP: AACSB Diversity| TB&E Model Customer

BLM: Higher Order

59. Shoe manufacturers who develop and market adult-styled shoes to this group but put warnings of potential future problems are operating at which of the following responsibility levels?
- legal
  - philanthropic
  - ethical
  - cultural

ANS: C

The companies are doing what is right, just, and fair and so are operating ethically.

PTS: 1                    REF: 29-30                    OBJ: 02-10  
TOP: AACSB Reflective Thinking| TB&E Model Product| TB&E Model Customer  
BLM: Higher Order

60. Generation Y is best characterized as which of the following?
- Its members are people who were born between 1965 and 1978.
  - It is one and a half times larger than Generation X.
  - The members of Generation Y are pressed for time and spend more on personal services than any other age group.
  - Members of Generation Y are the first generation of latchkey kids.

ANS: B

The other descriptions are of Generation X.

PTS: 1                    REF: 19                    OBJ: 02-3  
TOP: AACSB Reflective Thinking| TB&E Model Customer                    BLM: Higher Order

61. Which group is strongly attached to technology, tends to be skeptical consumers, and demands the latest fashion trends in record time?
- Generation Xers
  - the cohort generation
  - the baby bridging generation
  - Generation Yers

ANS: D                    PTS: 1                    REF: 18                    OBJ: 02-3  
TOP: AACSB Diversity| TB&E Model Customer                    BLM: Remember

62. Carissa Ty designs and sells clothes for young working women. She has recently been told that unless she starts designing more to suit the style of the Gen Y market, she is likely to be in financial trouble soon. Why would someone tell her that?
- Gen Yers don't have a style that they prefer.
  - Gen Yers are more multicultural.
  - Gen Yers are the children of the baby boomers, and echo boomers.
  - Gen Yers, demographically are an extremely large group of consumers.

ANS: D

The size of this group is what makes them especially important to all marketers.

PTS: 1                    REF: 18-19                    OBJ: 02-3  
TOP: AACSB Diversity| TB&E Model Customer                    BLM: Higher Order

63. Which group of consumers was born between 1965 and 1978?
- tweens
  - yuppies
  - cohort markets
  - Generation X

ANS: D                      PTS: 1                      REF: 19                      OBJ: 02-3  
TOP: AACSB Diversity| TB&E Model Customer                      BLM: Remember

64. You are a marketing consultant to a firm that would like to target members of Generation X. Which of the following would you advise it to do?
- Emphasize freedom from work and commitment.
  - Develop a personal service that will appeal to these time-poor consumers.
  - Avoid topics dealing with materialistic possessions.
  - Emphasize the baby boom culture.

ANS: B  
This is a generation notoriously difficult to market to because they are so cynical and savvy.

PTS: 1                      REF: 19                      OBJ: 02-3  
TOP: AACSB Diversity| TB&E Model Promotion| TB&E Model Customer  
BLM: Higher Order

65. Which large group of people in Canada was born between 1946 and 1964?
- Generation Xers
  - gray markets
  - baby boomers
  - the baby bust generation

ANS: C                      PTS: 1                      REF: 19-20                      OBJ: 02-3  
TOP: AACSB Diversity| TB&E Model Customer                      BLM: Remember

66. How is a multicultural society characterized?
- by a population of recent immigrants who are closely related by custom and tradition
  - by a conglomeration of small and large ethnic groups that have little in common
  - by even distribution of all ethnic groups in a geographic region
  - by clusters of ethnic groups in a geographic region

ANS: C                      PTS: 1                      REF: 21                      OBJ: 02-4  
TOP: AACSB Diversity| TB&E Model Distribution| TB&E Model Customer  
BLM: Remember

67. A furniture retailer that specializes in selling entire rooms of furniture has hired you to identify 25 geographic target markets that can be described as multicultural societies. What types of locations should you offer this firm?
- a. cities that have historically had low immigration rates
  - b. geographic regions that are growing with new immigrants
  - c. regions that are dominated by one ethnic group and that have multiple smaller ethnic groups
  - d. locations in which all major ethnic groups in the area are equally represented

ANS: D

Multicultural societies are not defined by geography, history, or products produced, but by the racial and ethnic composition of the population.

PTS: 1 REF: 20-21 OBJ: 02-4

TOP: AACSB Diversity| TB&E Model Customer

BLM: Higher Order

68. What is the primary determinant of a person's earnings?
- a. multiculturalism
  - b. lifestyle
  - c. education
  - d. the aging of the baby boomers

ANS: C PTS: 1 REF: 22 OBJ: 02-5

TOP: AACSB Reflective Thinking| TB&E Model Customer

BLM: Remember

69. What type of factors are interest rates, inflation, and consumer income that influence the marketing environment?
- a. economic
  - b. socio-demographic
  - c. political
  - d. government

ANS: A PTS: 1 REF: 23 OBJ: 02-5

TOP: AACSB Reflective Thinking| TB&E Model Customer

BLM: Remember

70. An increase in purchasing power is usually a result of an increase in which of the following?
- a. gross income
  - b. social class
  - c. disposable income
  - d. cost of living

ANS: C

Purchasing power is measured by comparing income to the relative cost of a set standard of goods and services. It is aligned with net income, or income minus a standard set of expenses. Assuming a constant income, the higher the cost of living (the expenses), the lower the purchasing power.

PTS: 1 REF: 22 OBJ: 02-5

TOP: AACSB Reflective Thinking| TB&E Model Customer

BLM: Higher Order

China's new 5 percent tax on disposable wooden chopsticks, reflecting concerns about deforestation, has been praised by environmentalists. The move is hitting hard at the Japanese who consume 25 billion sets of wooden chopsticks annually. Almost all of the chopsticks used in Japan come from China. The price of wooden chopsticks in Japan has increased by almost 50 percent.

71. Refer to Chopsticks. The price increase influences which factor of the external environment of restaurant owners in Japan?
- economic
  - technological
  - demographic
  - social

ANS: A

Purchasing power may be diminished, especially for restaurants.

PTS: 1

REF: 21-22

OBJ: 02-5

TOP: AACSB Reflective Thinking| TB&E Model Customer

BLM: Higher Order

72. What is measured by comparing the relative cost of a standard of goods and services in different geographic areas?
- gross individual profit
  - purchasing power
  - net profit
  - relative pricing

ANS: B

PTS: 1

REF: 22-23

OBJ: 02-5

TOP: AACSB Reflective Thinking| TB&E Model Customer

BLM: Remember

73. When income is high relative to the cost of living, consumers will have which of the following?
- more discretionary income
  - more incentive to buy luxury items
  - less incentive to buy luxury goods and services
  - have significantly less disposable income

ANS: A

PTS: 1

REF: 22-23

OBJ: 02-5

TOP: AACSB Reflective Thinking| TB&E Model Customer

BLM: Higher Order

74. The main product for Zamperla Industries is gondola cars for amusement park rides and ski lifts. Its marketing department constantly monitors trends in the external environment that might affect the firm. Which economic factor may pose a major threat to this company?
- few competitors in this industry
  - technological improvements that are automating production of cars
  - a decline in disposable income
  - increasing interest in the environment and recycling

ANS: C

Amusement parks and ski resorts rely on their customers having disposable income. A decline in business for them will produce a decline in demand for the gondola cars.

PTS: 1

REF: 22-23

OBJ: 02-5

TOP: AACSB Reflective Thinking| TB&E Model Pricing

BLM: Higher Order

75. Which of the following is a measure of the decrease in the value of money, expressed as the percentage reduction in value since the previous year?
- inflation
  - recession
  - depression
  - consumer break-even

ANS: A

PTS: 1

REF: 21-22

OBJ: 02-5

TOP: AACSB Reflective Thinking| TB&E Model Pricing

BLM: Remember

76. When planning marketing strategies during times of inflation, marketers must be aware that inflation causes consumers to do which of the following?
- put more money into savings accounts because prices are too high
  - consume more meals away from home
  - buy in small quantities until inflation is over
  - decrease their brand loyalty to products they have traditionally used

ANS: D

In times of inflation, consumers are more price conscious and less brand loyal.

PTS: 1

REF: 22-23

OBJ: 02-5

TOP: AACSB Reflective Thinking| TB&E Model Pricing

BLM: Higher Order

77. What is the term for a period of economic activity when income, production, and employment tend to fall, reducing overall demand?
- stagflation
  - an inflation
  - a recession
  - a depression

ANS: C

PTS: 1

REF: 22

OBJ: 02-5

TOP: AACSB Reflective Thinking| TB&E Model Pricing

BLM: Remember

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

ANS: B

All the described techniques are used to counter the effects of reduced demand during recession.

PTS: 1

REF: 21-22

OBJ: 02-5

TOP: AACSB Reflective Thinking| TB&E Model Pricing

BLM: Higher Order

79. Which of the following strategies is appropriate for a marketer to use during a time of economic recession?
- promote product cost
  - maintain and improve customer services
  - emphasize top-of-the-line products in promotions
  - offer products that are expensive

ANS: B

PTS: 1

REF: 21-22

OBJ: 02-5

TOP: AACSB Technology| TB&E Model Pricing

BLM: Higher Order

80. Which of the following is sometimes an effective weapon for fighting inflation and recession?
- technology
  - line extensions
  - increased capital gains taxes
  - introducing new product lines

ANS: A

PTS: 1

REF: 23-24

OBJ: 02-6

TOP: AACSB Reflective Thinking| TB&E Model Research

BLM: Remember

81. What is research that attempts to expand the frontiers of knowledge rather than solving a specific, pragmatic problem?
- technical research
  - reactive research
  - applied research
  - basic research

ANS: D

PTS: 1

REF: 24

OBJ: 02-6

TOP: AACSB Reflective Thinking| TB&E Model Research

BLM: Remember



82. What would be used to prove or disprove Goldbach’s conjecture that every even integer greater than 2 can be written as the sum of two (not necessarily distinct) primes?
- a. applied research
  - b. technological research
  - c. data mining research
  - d. basic research

ANS: D

Basic research attempts to expand the frontiers of knowledge rather than solving a specific, pragmatic problem.

PTS: 1

REF: 23-24

OBJ: 02-6

TOP: AACSB Reflective Thinking| AACSB Analytic| TB&E Model Strategy

BLM: Higher Order

83. Scientists are researching the possibility of computer-aided telekinesis with the idea that someday your brain will be linked with a computer, similar to the brain-plug interfaces used in the movie *The Matrix*. Because scientists are not engaged in solving any specific, pragmatic problem, what is this an example of?
- a. technological research
  - b. basic research
  - c. applied research
  - d. transformational research

ANS: B

Basic research attempts to expand the frontiers of knowledge rather than solving a specific, pragmatic problem.

PTS: 1

REF: 23-24

OBJ: 02-6

TOP: AACSB Analytic| TB&E Model Research

BLM: Higher Order

84. The scientists at Motorola want to create Iridium, a constellation of 66 satellites that will offer telephone service anywhere on the globe. What is this an example of?
- a. technical research
  - b. transactional research
  - c. applied research
  - d. synergistic research

ANS: C

Applied research attempts to develop new or improved products.

PTS: 1

REF: 23-24

OBJ: 02-6

TOP: AACSB Reflective Thinking| TB&E Model Research

BLM: Higher Order

Japanese law prohibits the storage of more than 50 pounds of explosive at any single site in the nation. Every night Universal Studios Japan hosts a fireworks display. The theme park recently came under government investigation when allegations were made that the park was detonating more than 50 pounds of explosives in its nightly fireworks displays.

85. Refer to Fireworks. If the allegations are true, then Universal Studios Japan is NOT operating at which responsibility level?
- legal
  - philanthropic
  - ethical
  - economic

ANS: A

Universal Studios Japan is not obeying the letter of the law.

PTS: 1

REF: 29-30

OBJ: 02-10

TOP: AACSB Reflective Thinking| TB&E Model Product

BLM: Higher Order

86. Refer to Fireworks. What would be required to discover a way to produce grand fireworks displays with smaller amounts of explosives?
- technological research
  - transactional research
  - applied research
  - synergistic research

ANS: C

Applied research attempts to develop new or improved products.

PTS: 1

REF: 23-24

OBJ: 02-4

TOP: AACSB Analytic| TB&E Model Research

BLM: Higher Order

87. Refer to Fireworks. In Japan, the use of explosives is stringently controlled. Which factors are influencing Universal Studios Japan?
- competitive
  - legal and political
  - economic
  - technological

ANS: B

PTS: 1

REF: 24-25

OBJ: 02-7

TOP: AACSB Reflective Thinking| TB&E Model Strategy

BLM: Higher Order

88. Which of the following enables automated, seamless delivery of updated news content or marketing messages to blog sites or mobile phones?
- Real Syndicated Signalling
  - Really Seamless Signalling
  - Readily Simple Signalling
  - Really Simple Syndication

ANS: D                      PTS: 1                      REF: 24                      OBJ: 02-6  
TOP: AACSB Technology| TB&E Model Online/Computer                      BLM: Remember

89. Blogs created by consumers can be used to assess customer attitudes toward new products as well as customer perceptions of new products. Marketers' ability to search for key words used in the blogs is an example of a change in which factor of the external environment?
- psychographic
  - technological
  - competitive
  - demographic

ANS: B  
Blogging exists in the technological environment.

PTS: 1                      REF: 23-24                      OBJ: 02-6  
TOP: AACSB Technology| TB&E Model Online/Computer                      BLM: Higher Order

90. The Canadian government now requires all consumer food packaging to indicate the level of trans-fats in products. What is this requirement an example of?
- a competitive environment
  - a demographic environment
  - a social environment
  - a legal environment

ANS: D  
See Exhibit 3.3 (textbook page 41).

PTS: 1                      REF: 24-25                      OBJ: 02-7  
TOP: AACSB Reflective Thinking| TB&E Model Strategy                      BLM: Remember

In the future, electrical power may come from quantum nucleonics, a form of nuclear power that produces no residual radiation. The ability to use this form of power will require equipment adaptations, but it will solve the world's need for clean and efficient power.

91. Refer to Quantum Nucleonics. When quantum nucleonics is developed, it will be an example of how which factors can affect an organization?
- technological
  - competitive
  - economic
  - cultural

ANS: A                      PTS: 1                      REF: 23-24                      OBJ: 02-6  
TOP: AACSB Technology| TB&E Model Strategy                      BLM: Higher Order

92. Refer to Quantum Nucleonics. Companies that replace inefficient sources of power with quantum nucleonics only after they are required to by the government are operating at which responsibility level?
- a. legal
  - b. philanthropic
  - c. ethical
  - d. economic

ANS: A                      PTS: 1                      REF: 29-30                      OBJ: 02-7  
TOP: AACSB Reflective Thinking| TB&E Model Strategy                      BLM: Higher Order

93. Almost any product in India, from tap water to milk, has traces of toxins, due to the overuse and misuse of insecticides by Indian farmers, but the government expects multinational corporations (MNCs) operating in India to produce food that is toxin-free. Which factors are influencing the operating environments of MNCs?
- a. social and technological
  - b. legal and technological
  - c. economic and legal
  - d. economic and social

ANS: B  
It is technological in that the insecticides are a product of technology. The expectations for MNCs are a product of the legal environment.

PTS: 1                      REF: 23-24                      OBJ: 02-8  
TOP: AACSB Analytic| TB&E Model Marketing Plan                      BLM: Higher Order

94. When Universal Studios Japan opened, health inspectors discovered the theme park had piped industrial-use water not suitable for drinking into its drinking fountains. The problem was unanticipated and costly to repair. This is primarily an example of a business incurring unexpected costs due to which factors?
- a. social
  - b. economic
  - c. political and legal
  - d. cultural

ANS: C                      PTS: 1                      REF: 24-25                      OBJ: 02-7  
TOP: AACSB Reflective Thinking| TB&E Model Product                      BLM: Higher Order

95. Laws and regulations of various governments and their ongoing development and change are part of all organizations' external environment. Which type of factors are they an example of?
- a. economic investment
  - b. political and legal
  - c. research and development
  - d. competitive

ANS: B                      PTS: 1                      REF: 24-25                      OBJ: 02-7  
TOP: AACSB Technology| TB&E Model Strategy                      BLM: Remember

96. What are the number of firms a company must face, the relative size of these firms, and the degree of interdependence within the industry all part of?
- its demographic environment
  - its economic environment
  - its political environment
  - its competitive environment

ANS: D                      PTS: 1                      REF: 26-27                      OBJ: 02-8  
TOP: AACSB Reflective Thinking| TB&E Model Strategy                      BLM: Remember

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

ANS: C                      PTS: 1                      REF: 26-27                      OBJ: 02-8  
TOP: AACSB Reflective Thinking| TB&E Model Product                      BLM: Higher Order

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

ANS: B  
The competitive environment encompasses the competition a firm must face.

PTS: 1                      REF: 26-27                      OBJ: 02-8  
TOP: AACSB Reflective Thinking| TB&E Model Product                      BLM: Higher Order

99. When many consumers think of adhesives, they think of 3M because it makes so many kinds of adhesives used in the home. However, the world's largest adhesive producer is Henkel Consumer Adhesive, maker of Loctite and duct tape. What are 3M and Henkel part of?
- each other's competitive environment
  - each other's economic environment
  - each other's social environment
  - each other's marketing mix environment

ANS: A                      PTS: 1                      REF: 26-27                      OBJ: 02-8  
TOP: AACSB Reflective Thinking| TB&E Model Product                      BLM: Higher Order

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

100. Refer to Virtual Impregnation. Virtual Impregnation is designed for people who are in long-term relationships that seem to be either evolving slowly or not at all. What does this group represent for the company?
- its target market
  - its buying centre
  - its consumer cluster
  - its demographic sample

ANS: A

A target market is a defined group that managers believe is most likely to buy a firm’s product.

PTS: 1                      REF: 15-16                      OBJ: 02-1  
TOP: AACSB Reflective Thinking| TB&E Model Customer                      BLM: Higher Order

101. Refer to Virtual Impregnation. The willingness of couples to participate in this virtual pregnancy results from a fear of making a mistake and not being ready for a baby. Which environmental factors are most responsible for the company’s success?
- political factors
  - economic factors
  - social factors
  - demographic factors

ANS: C

Fear of making a mistake is a social factor.

PTS: 1                      REF: 16-17                      OBJ: 02-2  
TOP: AACSB Reflective Thinking| TB&E Model Product                      BLM: Higher Order

102. Refer to Virtual Impregnation. Which characteristics are used when describing couples that participate in a virtual pregnancy as professionals between the ages of 25 to 34 who earn at least \$50,000 annual income?
- psychographic
  - demographic
  - anthropologic
  - sociologic

ANS: B

Vital statistics such as age and income are demographic characteristics.

PTS: 1                      REF: 17-18                      OBJ: 02-3  
TOP: AACSB Diversity| TB&E Model Customer                      BLM: Higher Order

103. Refer to Virtual Impregnation. Innovations in which environment are most responsible for the success of Corsi's website?
- economic
  - political
  - technological
  - government

ANS: C

Without technology, virtual impregnation could not occur.

PTS: 1

REF: 23-24

OBJ: 02-6

TOP: AACSB Technology| TB&E Model Strategy

BLM: Higher Order

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

ANS: A

Sexual harassment is an issue that is taken very seriously by government.

PTS: 1

REF: 24-25

OBJ: 02-7

TOP: AACSB Reflective Thinking| TB&E Model Customer

BLM: Higher Order

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

105. Refer to Indian Restaurant. What is the term for the group of consumers identified by FoodFacts as most likely to visit the new restaurant?
- target market
  - buying centre
  - mass market
  - consumer cluster

ANS: A

A defined group of consumers that is most likely to buy a firm's product is a target market.

PTS: 1

REF: 15-16

OBJ: 02-1

TOP: AACSB Reflective Thinking| TB&E Model Customer

BLM: Higher Order

106. Refer to Indian Restaurant. Jambulingham is developing a marketing plan to cover the first five years of the restaurant's business. Which of the following uncontrollable factors must he be sure to consider in his plan?
- place or distribution factors
  - media buying factors
  - demographic factors
  - psychographic factors

ANS: C

All but demographic factors are controllable marketing mix factors.

PTS: 1

REF: 17-18

OBJ: 02-3

TOP: AACSB Reflective Thinking| TB&E Model Marketing Plan| TB&E Model Customer

BLM: Higher Order

107. Refer to Indian Restaurant. Describing the market for Jambulingham's new restaurant in terms of ages of the members of its target market is referring to which characteristics?
- psychographic
  - demographic
  - anthropological
  - sociological

ANS: B

Vital statistics such as age, race, income, and location are demographic characteristics.

PTS: 1

REF: 17-18

OBJ: 02-3

TOP: AACSB Reflective Thinking| TB&E Model Customer

BLM: Higher Order

108. Refer to Indian Restaurant. What is the success of Jambulingham's restaurant most closely related to?
- the values of Generation X members
  - a huge increase in the Indian immigrant population expected during the next decade
  - the growing importance of multiculturalism in Canada
  - political deregulation of the restaurant industry

ANS: C

Increased multiculturalism is the most promising trend for Jambulingham.

PTS: 1

REF: 20-21

OBJ: 02-4

TOP: AACSB Diversity| TB&E Model Customer

BLM: Higher Order



109. Refer to Indian Restaurant. The uncontrollable environmental factors Jambulingham faces in terms of obtaining permits for the new restaurant represent which factors?
- economic
  - political and legal
  - research and development
  - demographic

ANS: B

The laws and regulations of various governments represent uncontrollable political and legal factors.

PTS: 1

REF: 24-25

OBJ: 02-7

TOP: AACSB Reflective Thinking| TB&E Model Strategy

BLM: Higher Order

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

110. Refer to the *Fifth Estate* and GM. The *Fifth Estate* executives have to be concerned with the long-range welfare of the network and its relationships with viewers. What is this concern called?
- consumerism
  - corporate social responsibility
  - ethical dilemma
  - conventional morality

ANS: B

Corporate social responsibility is the concern of business for social welfare. This concern is demonstrated by managers considering the long-range best interests of the company and its relationship to the society within which it operates.

PTS: 1

REF: 27-28

OBJ: 02-9

TOP: AACSB Ethics| TB&E Model Product

BLM: Higher Order

111. Refer to the *Fifth Estate* and GM. By admitting its error and providing a formal apology, the *Fifth Estate* achieved which level of the pyramid of corporate social responsibility?
- philanthropic
  - legal
  - ethical
  - moral

ANS: C

By apologizing, the Fifth Estate did what was right.

PTS: 1

REF: 28-29

OBJ: 02-10

TOP: AACSB Ethics| TB&E Model Strategy

BLM: Higher Order

112. Refer to *The Fifth Estate* and GM. When people tune in to a television news show, they expect to be told the truth about events covered on the news. What is the name for the moral principles or values that should generally govern the conduct of the news media?
- ethics
  - legal standards
  - manners
  - social responsibility

ANS: A

Ethics refers to moral principles or values generally governing the conduct of an individual or group.

PTS: 1

REF: 28-29

OBJ: 02-10

TOP: AACSB Ethics| TB&E Model Product| TB&E Model Customer

BLM: Higher Order

113. Refer to the *Fifth Estate* and GM. *The Fifth Estate* believed that it had an obligation to its viewers to warn them about the possible defects in GM pickup trucks. Which level of morality is the *Fifth Estate* operating at?
- conventional
  - social
  - pre-conventional
  - post-conventional

ANS: A

*The Fifth Estate* is operating on a level of conventional morality because it is concerned with the expectations of society. Loyalty and obedience to the organization and the consumer become paramount.

PTS: 1

REF: 30

OBJ: 02-10

TOP: AACSB Ethics| TB&E Model Product| TB&E Model Customer

BLM: Higher Order

114. Refer to *The Fifth Estate* and GM. *The Fifth Estate* apologized and concluded that “unscientific demonstrations should have no place in hard news stories at the *Fifth Estate*. That’s our new policy.” Where should this new policy be incorporated?
- into *Fifth Estate*’s legal standards
  - into *Fifth Estate*’s code of ethics
  - into *Fifth Estate*’s guidelines
  - into *Fifth Estate*’s governances

ANS: B

A code of ethics is a guideline to help managers and employees make better and ethical decisions.

PTS: 1                      REF: 30                      OBJ: 02-10

TOP: AACSB Ethics| TB&E Model Product

BLM: Higher Order

### TRUE/FALSE

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

ANS: T                      PTS: 1                      REF: 27-28                      OBJ: 02-1

TOP: AACSB Reflective Thinking| TB&E Model Strategy                      BLM: Higher Order

2. The foundation for the pyramid of corporate social responsibility is economic responsibility.

ANS: T                      PTS: 1                      REF: 27-28                      OBJ: 02-1

TOP: AACSB Reflective Thinking| AACSB Ethics| TB&E Model Strategy

BLM: Remember

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

ANS: T                      PTS: 1                      REF: 30                      OBJ: 02-2

TOP: AACSB Reflective Thinking| AACSB Ethics| TB&E Model Strategy

BLM: Remember

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

ANS: T                      PTS: 1                      REF: 31                      OBJ: 02-10

TOP: AACSB Reflective Thinking| AACSB Ethics| TB&E Model Strategy

BLM: Higher Order

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

ANS: F

Simply issuing such a policy is only the beginning; marketing managers must then put the policy into action.

PTS: 1                      REF: 28-29                      OBJ: 02-2  
TOP: AACSB Reflective Thinking| AACSB Ethics| TB&E Model Strategy  
BLM: Higher Order

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

ANS: F

Codes that are too detailed encourage employees to substitute rules for judgment.

PTS: 1                      REF: 32                      OBJ: 02-2  
TOP: AACSB Reflective Thinking| AACSB Ethics| TB&E Model Strategy  
BLM: Higher Order

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

ANS: F

Although marketers can control the marketing mix, they cannot control the external environment in which their organizations operate.

PTS: 1                      REF: 16                      OBJ: 02-3  
TOP: AACSB Reflective Thinking| TB&E Model Strategy                      BLM: Higher Order

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

ANS: F

The target market is people with diabetes for whom the product was designed.

PTS: 1                      REF: 15-16                      OBJ: 02-3  
TOP: AACSB Reflective Thinking| TB&E Model Product| TB&E Model Customer  
BLM: Higher Order

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

ANS: T                      PTS: 1                      REF: 15-16                      OBJ: 02-3  
TOP: AACSB Reflective Thinking| TB&E Model Strategy                      BLM: Higher Order

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

ANS: T                      PTS: 1                      REF: 16-17                      OBJ: 02-4  
TOP: AACSB Reflective Thinking| TB&E Model Promotion| TB&E Model Distribution| TB&E Model Customer| TB&E Model Pricing                      BLM: Higher Order

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

ANS: T                      PTS: 1                      REF: 17-18                      OBJ: 02-4  
TOP: AACSB Diversity| TB&E Model Product| TB&E Model Customer  
BLM: Remember

12. The phenomenon of employed women has probably had a greater effect on marketing than has any other social change.

ANS: T                      PTS: 1                      REF: 26-27                      OBJ: 02-4  
TOP: AACSB Diversity| TB&E Model Customer                      BLM: Higher Order

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

ANS: F  
Demography is the study of such vital statistics.

PTS: 1                      REF: 17-18                      OBJ: 02-5  
TOP: AACSB Reflective Thinking| TB&E Model Customer                      BLM: Remember

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

ANS: F  
Gen Yers respond best to ads in non-traditional media.

PTS: 1                      REF: 17-18                      OBJ: 02-5  
TOP: AACSB Reflective Thinking| TB&E Model Customer| TB&E Model Promotion  
BLM: Higher Order

15. Multiculturalism occurs when all major ethnic groups in an area are roughly equally represented.

ANS: T                      PTS: 1                      REF: 20-21                      OBJ: 02-6  
TOP: AACSB Diversity| TB&E Model Customer                      BLM: Remember

16. Inflation is a measure of the decrease in the value of money, expressed as the percentage reduction in value since the previous year.

ANS: F

Inflation is characterized by a general rise in prices without a corresponding increase in wages.

PTS: 1                      REF: 21-22                      OBJ: 02-7  
TOP: AACSB Reflective Thinking| TB&E Model Pricing                      BLM: Remember

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

ANS: T                      PTS: 1                      REF: 24-26                      OBJ: 02-9  
TOP: AACSB Reflective Thinking| TB&E Model Research                      BLM: Higher Order

18. After Hal Li purchased and installed a wood-burning stove to heat his family home, the stove caught fire and damaged much of the house. He believes the stove had inadequate insulation. Li should voice his concerns to a provincial consumer protection agency.

ANS: T

Provincial consumer protection agencies are responsible for protection of the health and safety of consumers.

PTS: 1                      REF: 25-25                      OBJ: 02-9  
TOP: AACSB Reflective Thinking| TB&E Model Product                      BLM: Higher Order

19. Companies excel at applied research and are weak when it comes to basic research.

ANS: F

Companies excel at both basic and applied research.

PTS: 1                      REF: 26                      OBJ: 02-8  
TOP: AACSB Analytic| TB&E Model Research                      BLM: Higher Order

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

ANS: F

Legal restrictions govern decisions in all areas of the marketing mix, not just in the areas the manufacturer checked.

PTS: 1                      REF: 24-25                      OBJ: 02-9  
TOP: AACSB Reflective Thinking| TB&E Model Research                      BLM: Higher Order

21. The competitive environment of a business encompasses the number of competitors the firm must face, the relative size of the competitors, regulatory agencies, and the degree of interdependence within the industry.

ANS: F

Regulatory agencies are part of the political and legal factors.

PTS: 1

REF: 24-25

OBJ: 02-10

TOP: AACSB Reflective Thinking| TB&E Model Research

BLM: Higher Order

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

ANS: F

This problem is the result of political and legal factors.

PTS: 1

REF: 24-25

OBJ: 02-10

TOP: AACSB Reflective Thinking| TB&E Model Strategy

BLM: Higher Order

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

ANS: T

PTS: 1

REF: 26-27

OBJ: 02-10

TOP: AACSB Reflective Thinking| TB&E Model Product

BLM: Higher Order

## ESSAY

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

ANS:

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

PTS: 1

REF: 27-28

OBJ: 02-1

TOP: AACSB Analytic| AACSB Ethics| TB&E Model Strategy

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

ANS:

Students' answers to this question may vary, but the better students will understand that economic performance is the foundation of the pyramid. If Whirlpool's advertising of its donations increases profit, then it is not wrong. The company has not abandoned its efforts to improve the quality of life.

PTS: 1                      REF: 28-29                      OBJ: 02-1

TOP: AACSB Analytic| AACSB Ethics| TB&E Model Strategy| TB&E Model Promotion

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

ANS:

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

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

PTS: 1                      REF: 27-28                      OBJ: 02-1

TOP: AACSB Analytic| AACSB Ethics| TB&E Model Strategy



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

ANS:

Ethical judgments were influenced by these factors:

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

PTS: 1

REF: 15-16

OBJ: 02-2

TOP: AACSB Analytic| AACSB Ethics| TB&E Model Strategy

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

ANS:

Students' answers may vary. Review Learning Objective 3.2. Examples include:

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

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

Would I offend customers by telling them about my decision?

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

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

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

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

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

Would I prefer to avoid the consequences of this decision?

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

PTS: 1

REF: 28-29

OBJ: 02-2

TOP: AACSB Analytic| AACSB Ethics| TB&E Model Strategy

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

ANS:

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

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

PTS: 1

REF: 32-33

OBJ: 02-3

TOP: AACSB Reflective Thinking| TB&E Model Strategy

7. Marketing managers create a marketing mix of product, place, promotion, and price strategies aimed at a target market. While managers can control the mix, they cannot control the elements in the external environment that continually mould and reshape the target market. List six variables of the external environment that are not directly under the control of marketing managers.

ANS:

- Demographics
- Technology
- Competition
- Social change
- Economic conditions
- Political and legal factors

PTS: 1                      REF: 15-16                      OBJ: 02-3

TOP: AACSB Analytic| TB&E Model Product| TB&E Model Pricing| TB&E Model Promotion| TB&E Model Distribution

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

ANS:

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

PTS: 1                      REF: 15-16                      OBJ: 02-3

TOP: AACSB Reflective Thinking| AACSB Analytic| TB&E Model Strategy

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

ANS:

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

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

PTS: 1                      REF: 16-17                      OBJ: 02-4

TOP: AACSB Reflective Thinking| AACSB Analytic| TB&E Model Strategy

10. What are baby boomers? List and describe the four groups into which baby boomers have been subdivided.

ANS:

Baby boomers are defined as people born between 1946 and 1964. They are the largest demographic segment in the population today, but their influence varies depending upon further segmentation within the baby boomer segment. The four segments are (1) “looking for balance” boomers, (2) “confident and living well” boomers, (3) “at ease” boomers, and (4) “overwhelmed” boomers.

“Looking for balance” boomers represent an excellent market for companies that can offer them time-saving products. Companies engaged in travel-related food service and businesses will find key opportunities in this segment.

“Confident and living well” boomers have the highest income and relish the chance to be the first to purchase a new product. They are technologically oriented and care about what is trendy. Travel is one of their favourite activities.

“At ease” boomers do not worry about the future. They express the least interest in luxury products and don’t travel much. The segment is primarily home-centric. They are not interested in new products.

“Overwhelmed” boomers have the lowest income. They worry about the future. Health is a big concern for them. They are also the least sociable segment. They do not readily accept new technology.

PTS: 1                      REF: 19                      OBJ: 02-5  
TOP: AACSB Diversity| AACSB Analytic | TB&E Model Customer| TB&E Model Strategy

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

ANS:

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

PTS: 1                      REF: 20-21                      OBJ: 02-6  
TOP: AACSB Diversity| AACSB Analytic| TB&E Model Customer| TB&E Model Strategy

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

ANS:

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

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

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

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

PTS: 1                      REF: 21-22                      OBJ: 02-7  
TOP: AACSB Analytic| TB&E Model Strategy

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

ANS:

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

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

PTS: 1                      REF: 21-22                      OBJ: 02-7  
TOP: AACSB Reflective Thinking| AACSB Analytic| TB&E Model Strategy

## Chapter 2 – The Marketing Environment, Social Responsibility, and Ethics

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

ANS:

Students' examples will vary.

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

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

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

PTS: 1                      REF: 21-22                      OBJ: 02-7  
TOP: AACSB Analytic| TB&E Model Strategy| TB&E Model Product

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

ANS:

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

PTS: 1                      REF: 17-18                      OBJ: 02-8  
TOP: AACSB Reflective Thinking| AACSB Analytic| TB&E Model Research