

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. In order to identify new opportunities
- D. To curtail the weaknesses of an organization
- E. In order to analyze the strengths 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
- E. organizational weaknesses

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
- E. evaluating the financial stability of a marketing firm

4. 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.
- E. Companies cannot control their strengths, whereas they can control opportunities.

5. Characteristics such as age, gender, and occupation refer to _____ forces.

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

6. _____ is the term used to describe people born between 1946 and 1964.

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

7. 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 1974.
- D. They are also referred to as the echo boomers or millennials.
- E. Baby boomers are currently not a significant target market.

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

- A. bathroom accessories
- B. cosmetics
- C. social networks
- D. baby products
- E. retirement homes

9. 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
- E. generation Y

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.

10. 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
- E. generation Z

11. 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
- E. generation Z

12. 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
- E. generation Y

13. Which of the following is the difference between baby boomers and echo boomers?

- A. Echo boomers prefer products such as video games, whereas baby boomers are avid users of social media.
- B. Baby boomers prefer technological products more than the echo boomers.
- C. Echo boomers are highly brand loyal, whereas baby boomers are not brand loyal.
- D. Baby boomers are better educated than the echo boomers.
- E. Baby boomers spend more on consumer goods, whereas echo boomers spend on music and computer goods.

14. Generation X refers to the group of people born _____.

- A. between 1946 and 1964
- B. after generation Y consumers
- C. between 1975 and 1991
- D. before baby boomers
- E. between 1965 and 1974

15. 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.
- E. Generation X consumers are less entrepreneurial than the baby boomers.

16. Which of the following refers to the group of people born between 1975 and 1991?

- A. generation X
- B. prophet
- C. generation Y
- D. baby boomer
- E. generation Z

17. 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
- E. generation Z

18. An Internet company launches a social networking Web site to attract young people born between 1985 and 1990. This company is targeting _____.

- A. generation Z
- B. the prophet generation
- C. generation Y
- D. the baby boomer generation
- E. generation X

19. 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. prophet generation
- E. generation Y

20. Generation Z consumers are the people born _____.

- A. between 1992 and 2010
- B. before generation Y consumers
- C. between 1975 and 1991
- D. before baby boomers
- E. between 1965 and 1974

21. 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.
- E. He is less likely to prefer product differentiation.

22. 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
- E. prophet generation

23. 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.
- E. Average education level of the people who live in cities is low.

24. Which of the following is the reason why marketers are planning to expand into foreign markets such as India and China?

- A. Population growth in these countries is limited.
- B. Proprietary laws are severe in these countries.
- C. Markets are highly developed in these countries.
- D. Free trade is not promoted in these countries.
- E. These countries represent future opportunities.

25. 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.
- E. Socio-cultural changes are easier to pinpoint than demographic changes.

26. 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. nominal forces
- D. neutral forces
- E. competitive forces

27. Which of the following is an example of a socio-cultural force that affects marketers?
- A. financial slowdown
 - B. unstable markets
 - C. population growth
 - D. group attitudes
 - E. age of population
28. 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 in has increased vastly in recent times.
 - E. Many dual-income families have become single-income families.
29. Sales of luxury items suffer during economic slowdowns. Which of the following is the reason for this?
- A. Communication channels become inaccessible during slowdowns.
 - B. Labour costs increase during economic slowdowns.
 - C. The production process slows down during economic slowdowns.
 - D. Raw materials for production become costlier during economic slowdowns.
 - E. Economic ability of the consumers decreases during slowdowns.
30. Identify the product whose business is least likely to be affected by an economic slowdown.
- A. automobiles
 - B. smart phones
 - C. luxury gifts
 - D. vegetables
 - E. air conditioners
31. Identify the product whose business is most likely to be affected by an economic slowdown.
- A. smart phones
 - B. clothing
 - C. flour
 - D. sweaters
 - E. vegetables
32. 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
 - E. electronic goods
33. Which of the following is an example of a macroeconomic force?
- A. disposable income
 - B. fixed cost
 - C. inflation
 - D. variable cost
 - E. discretionary earning
34. 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
 - E. industrial economic forces
35. _____ 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
 - E. Deflation

36. 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
- E. deflation

37. A country's GDP growth declines for three financial quarters successively. This indicates that the country is experiencing _____.

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

38. 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. devaluation
- E. recession

39. 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. One of the countries in which the company is operating has decided to adopt a free trade regime.
- E. The company's sales have declined sharply after it increased the prices of its products.

40. 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
- E. discretionary income

41. 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
- E. \$410,000

42. 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
- E. tax exempt 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.

43. What is Robert's gross income?

- A. \$100,000
- B. \$82,000
- C. \$76,000
- D. \$67,000
- E. \$61,000

44. What is Robert's disposable income?

- A. \$100,000
- B. \$82,000
- C. \$76,000
- D. \$67,000
- E. \$61,000

45. What is Robert's discretionary income?

- A. \$100,000
- B. \$82,000
- C. \$76,000
- D. \$67,000
- E. \$61,000

46. 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. tax exempt income
- E. discretionary income

47. 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.
- E. Disposable income is the total income of a family, whereas discretionary income is the total income of an individual.

48. 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.
- E. The population of Canada has been increasing at a rate of 2 percent for the last five years.

49. 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
- E. house rent

50. 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. procedural forces
- E. technological forces

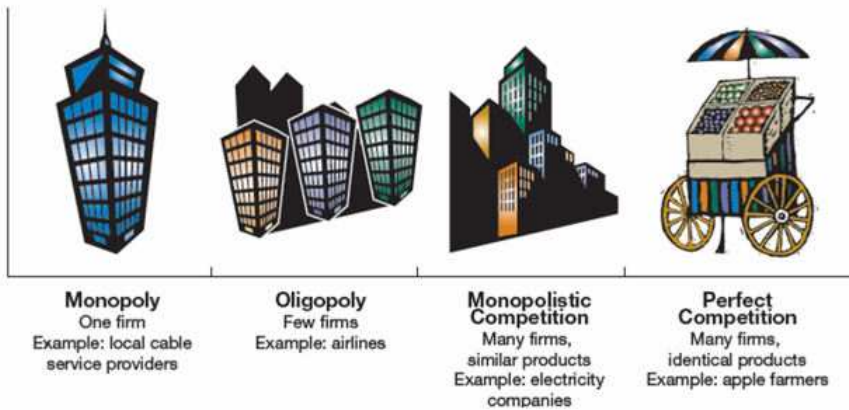
51. Cloud computing refers to the ability to _____.

- 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
- E. install application software by giving manual commands to the processor

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

- A. Google Docs
- B. MS Word
- C. Adobe Acrobat
- D. WinZip
- E. MS Excel

Types of competitions



53. Which of the following refers to the type of competition that occurs when only one company dominate a market?
- monopolistic competition
 - oligopoly
 - duopoly
 - monopoly
 - perfect competition
54. Four banks dominate the banking sector in the United Kingdom. This market is an example of ____.
- perfect competition
 - monopoly
 - oligopoly
 - duopoly
 - monopolistic competition
55. 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?
- perfect competition
 - oligopoly
 - monopoly
 - indirect competition
 - monopolistic competition
56. Which of the following is a type of competition where there are many sellers with nearly identical products and little differentiation?
- perfect competition
 - oligopoly
 - monopoly
 - monopsony
 - monopolistic competition
57. Alternative products that can satisfy a specific market's needs are called ____.
- fundamental forces
 - direct forces
 - social forces
 - competitive forces
 - economic forces
58. Direct competitors refer to ____.
- products that have the shortest life cycle in a market
 - very similar products sold in the same category
 - products that are used by the same customer
 - dissimilar products that compete in the same market
 - products that have the longest life cycle in a market
59. Indirect competitors refer to products that ____.
- compete for a different segment of customers in different categories
 - are very similar and compete in the same category
 - contend for a different segment of customers in the same category
 - target different market segments and have similar features
 - compete for the same buying dollar in a slightly different category

60. 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
- E. perfect competition

61. 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.
- E. Only a few companies control the market in a monopoly.

62. 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
- E. perfect competition

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.

63. The market in which Charcos Oil competes exemplifies _____.

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

64. 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.
- E. The industry's profitability will increase.

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

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

66. 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
- E. perfect competition

67. 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.
- E. Monopolistic competition is characterized by identical products and little differentiation.

68. 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
- E. electronic goods

69. 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
- E. to prevent the formation of oligopolistic markets

70. 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
- E. Advertising Standards Canada

71. 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
- E. establishing a voluntary alliance of businesses in Canada

72. Which of the following statements is true of the Children's Advertising Initiative?

- A. The Children's 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.
- E. The initiative does not cover ads placed in digital media directed at children.

73. _____ refers to the dissemination of unsolicited electronic messages to recipients.

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

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

True False

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

True False

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

True False

77. Generation X is the group of people born between 1975 and 1991 and referred to as millennials.

True False

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

True False

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

True False

80. RBC does not communicate the Blue Water Project through mass media.

True False

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

True False

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

True False

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

True False

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

True False

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

True False

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

True False

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

True False

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

True False

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

True False

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

True False

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

True False

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

True False

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

True False

94. The Better Business Bureau is a voluntary alliance of businesses.

True False

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

True False

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

True False

97. Explain the purpose of conducting a SWOT analysis.

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

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

100. Explain big city dwelling in Canada.

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

102. What are socio-cultural forces?

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

104. Explain the concepts of recession and inflation.

105. Compare and contrast microeconomic forces with macroeconomic forces.

106. Compare and contrast direct competitors and indirect competitors.

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

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

109. Briefly describe the role of the Better Business Bureau.

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

c2 KEY

1. (p. 31) 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. In order to identify new opportunities**
- D. To curtail the weaknesses of an organization
- E. In order to analyze the strengths 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.

*Blooms: Remember
Difficulty: Moderate
Kerin - Chapter 02 #1
Topic: The Marketing Environment*

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

2. (p. 31) Elements such as technological forces, regulatory forces, and demographic forces constitute _____.

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

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.

*Blooms: Remember
Difficulty: Easy
Kerin - Chapter 02 #2
Topic: The Marketing Environment*

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

3. (p. 31) 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
- E. evaluating the financial stability of a marketing firm

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.

*Blooms: Remember
Difficulty: Easy
Kerin - Chapter 02 #3
Topic: Environmental Scan*

Learning Objective: 02-02 Describe the elements of a marketing environmental scan and summarize the trends affecting each element.

4. (p. 32) 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.
- E. Companies cannot control their strengths, whereas they can control opportunities.

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.

*Blooms: Remember
Difficulty: Moderate
Kerin - Chapter 02 #4
Topic: Environmental Scan*

Learning Objective: 02-02 Describe the elements of a marketing environmental scan and summarize the trends affecting each element.

5. (p. 32) Characteristics such as age, gender, and occupation refer to _____ forces.

- A. competitive
- B. cultural
- C. economic
- D. regulatory
- E. demographic**

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.

*Blooms: Remember
Difficulty: Easy
Kerin - Chapter 02 #5
Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that are affecting marketing approaches.
Topic: Demographic Forces*

6. (p. 33) _____ is the term used to describe people born between 1946 and 1964.

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

The people who were born between 1946 and 1964 are called baby boomers. Baby boomers are the main reason for the greying of North America.

*Blooms: Remember
Difficulty: Easy
Kerin - Chapter 02 #6
Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that are affecting marketing approaches.
Topic: Demographic Forces*

7. (p. 33) 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 1974.
- D. They are also referred to as the echo boomers or millennials.
- E. Baby boomers are currently not a significant target market.

The people who were born between 1946 and 1964 are called baby boomers. Baby boomers are increasingly using digital technology to communicate with others and research products.

*Blooms: Remember
Difficulty: Easy
Kerin - Chapter 02 #7
Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that are affecting marketing approaches.
Topic: Demographic Forces*

8. (p. 33) Which of the following products target baby boomers exclusively?

- A. bathroom accessories
- B. cosmetics
- C. social networks
- D. baby products
- E. retirement homes**

Baby boomers are people born between 1946 and 1964. Retirement homes target baby boomers exclusively.

*Blooms: Apply
Difficulty: Moderate
Kerin - Chapter 02 #8
Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that are affecting marketing approaches.
Topic: Demographic Forces*

9. (p. 33) 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
- E. generation Y

The people who were born between 1946 and 1964 are called baby boomers. Baby boomers consume such products as consumer goods, anti-wrinkle creams, and grey-hair products.

*Blooms: Understand
Difficulty: Moderate
Kerin - Chapter 02 #9
Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that are affecting marketing approaches.
Topic: Demographic Forces*

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

10. (p. 33) 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**
- E. generation Z

The people who were born between 1946 and 1964 are called baby boomers. Baby boomers are likely to be the target market of this product.

*Blooms: Apply
Difficulty: Moderate
Kerin - Chapter 02 #10
Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that are affecting marketing approaches.
Topic: Demographic Forces*

11. (p. 34) 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
- E. generation Z

Generation Y is the group of people born between 1975 and 1991. Young parents aged between 25 and 35 are from this group.

*Blooms: Apply
Difficulty: Moderate
Kerin - Chapter 02 #11
Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that are affecting marketing approaches.
Topic: Demographic Forces*

12. (p. 34) 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
- E. generation Y

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

*Blooms: Understand
Difficulty: Easy
Kerin - Chapter 02 #12
Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that are affecting marketing approaches.
Topic: Demographic Forces*

13. (p. 33-34) Which of the following is the difference between baby boomers and echo boomers?

- A. Echo boomers prefer products such as video games, whereas baby boomers are avid users of social media.
- B. Baby boomers prefer technological products more than the echo boomers.
- C. Echo boomers are highly brand loyal, whereas baby boomers are not brand loyal.
- D. Baby boomers are better educated than the echo boomers.
- E. Baby boomers spend more on consumer goods, whereas echo boomers spend on music and computer goods.**

Echo boomers buy products such as music, video games, sports, and computer products. Baby boomers account for approximately 60 percent of expenditures on consumer goods and services.

*Blooms: Understand
Difficulty: Moderate
Kerin - Chapter 02 #13
Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that are affecting marketing approaches.
Topic: Demographic Forces*

14. (p. 34) Generation X refers to the group of people born _____.

- A. between 1946 and 1964
- B. after generation Y consumers
- C. between 1975 and 1991
- D. before baby boomers
- E. between 1965 and 1974**

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

*Blooms: Remember
Difficulty: Easy
Kerin - Chapter 02 #14
Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that are affecting marketing approaches.
Topic: Demographic Forces*

15. (p. 34) 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.
- E. Generation X consumers are less entrepreneurial than the baby boomers.

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.

*Blooms: Understand
Difficulty: Moderate
Kerin - Chapter 02 #15
Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that are affecting marketing approaches.
Topic: Demographic Forces*

16. (p. 34) Which of the following refers to the group of people born between 1975 and 1991?

- A. generation X
- B. prophet
- C. generation Y
- D. baby boomer
- E. generation Z

Generation Y is the group of people born between 1975 and 1991. These are mostly children of baby boomers.

*Blooms: Remember
Difficulty: Easy
Kerin - Chapter 02 #16
Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that are affecting marketing approaches.
Topic: Demographic Forces*

17. (p. 34) 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
- E. generation Z

Generation Y is the group of people born between 1975 and 1991. These are mostly children of baby boomers.

*Blooms: Remember
Difficulty: Easy
Kerin - Chapter 02 #17
Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that are affecting marketing approaches.
Topic: Demographic Forces*

18. (p. 34) An Internet company launches a social networking Web site to attract young people born between 1985 and 1990. This company is targeting _____.

- A. generation Z
- B. the prophet generation
- C. generation Y
- D. the baby boomer generation
- E. generation X

Generation Y is the group of people born between 1975 and 1991. The company is targeting this group in this example.

*Blooms: Apply
Difficulty: Moderate
Kerin - Chapter 02 #18
Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that are affecting marketing approaches.
Topic: Demographic Forces*

19. (p. 34) 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. prophet generation
- E. generation Y

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: Remember
Difficulty: Easy
Kerin - Chapter 02 #19
Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that are affecting marketing approaches.
Topic: Demographic Forces*

20. (p. 34) Generation Z consumers are the people born _____.

- A. between 1992 and 2010
- B. before generation Y consumers
- C. between 1975 and 1991
- D. before baby boomers
- E. between 1965 and 1974

Generation Z is the group of people born between 1992 and 2010. They are also known as the net generation.

*Blooms: Remember
Difficulty: Easy
Kerin - Chapter 02 #20
Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that are affecting marketing approaches.
Topic: Demographic Forces*

21. (p. 34) 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.
- E. He is less likely to prefer product differentiation.

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

*Blooms: Understand
Difficulty: Moderate
Kerin - Chapter 02 #21
Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that are affecting marketing approaches.
Topic: Demographic Forces*

22. (p. 34) 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
- E. prophet generation

Generation Z is the group of people born between 1992 and 2010. This is the market segment that the company is targeting.

*Blooms: Apply
Difficulty: Moderate
Kerin - Chapter 02 #22
Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that are affecting marketing approaches.
Topic: Demographic Forces*

23. (p. 34-35) 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.
- E. Average education level of the people who live in cities is low.

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.

*Blooms: Remember
Difficulty: Easy
Kerin - Chapter 02 #23
Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that are affecting marketing approaches.
Topic: Demographic Forces*

24. (p. 36) Which of the following is the reason why marketers are planning to expand into foreign markets such as India and China?

- A. Population growth in these countries is limited.
- B. Proprietary laws are severe in these countries.
- C. Markets are highly developed in these countries.
- D. Free trade is not promoted in these countries.
- E. These countries represent future opportunities.**

China and India alone are home to 2.5 billion people, 38 percent of the world's population. These areas represent future opportunities for marketers seeking to expand into foreign markets.

*Blooms: Remember
Difficulty: Easy
Kerin - Chapter 02 #24
Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that are affecting marketing approaches.
Topic: Demographic Forces*

25. (p. 37) 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.
- E. Socio-cultural changes are easier to pinpoint than demographic changes.

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

Blooms: Remember

Difficulty: Easy

Kerin - Chapter 02 #25

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

Topic: Socio-Cultural Forces

26. (p. 37) 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. nominal forces
- D. neutral forces
- E. competitive 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: Remember

Difficulty: Easy

Kerin - Chapter 02 #26

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

Topic: Socio-Cultural Forces

27. (p. 37) Which of the following is an example of a socio-cultural force that affects marketers?

- A. financial slowdown
- B. unstable markets
- C. population growth
- D. group attitudes**
- E. age of population

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: Remember

Difficulty: Easy

Kerin - Chapter 02 #27

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

Topic: Socio-Cultural Forces

28. (p. 40) 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 in has increased vastly in recent times.
- E. Many dual-income families have become single-income families.

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.

Blooms: Remember

Difficulty: Easy

Kerin - Chapter 02 #28

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

Topic: Socio-Cultural Forces

29. (p. 40) Sales of luxury items suffer during economic slowdowns. Which of the following is the reason for this?

- A. Communication channels become inaccessible during slowdowns.
- B. Labour costs increase during economic slowdowns.
- C. The production process slows down during economic slowdowns.
- D. Raw materials for production become costlier during economic slowdowns.
- E. Economic ability of the consumers decreases during slowdowns.**

The economic ability of a consumer to purchase a product is what interests marketers. If there is a significant change in the economy, this will have an impact on a household's income and ability to purchase.

Blooms: Understand

Difficulty: Moderate

Kerin - Chapter 02 #29

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

Topic: Economic Forces

30. (p. 41) Identify the product whose business is least likely to be affected by an economic slowdown.

- A. automobiles
- B. smart phones
- C. luxury gifts
- D. vegetables**
- E. air conditioners

People are likely to defer the purchase of luxury items during economic crises and concentrate their purchases on life's necessities. Vegetables are a necessity and will not be affected greatly by recession.

Blooms: Apply
Difficulty: Moderate
Kerin - Chapter 02 #30
Learning Objective: 02-04 Explain how changes in the economic environment can influence consumer purchase behaviour.
Topic: Economic Forces

31. (p. 41) Identify the product whose business is most likely to be affected by an economic slowdown.

- A. smart phones**
- B. clothing
- C. flour
- D. sweaters
- E. vegetables

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

Blooms: Apply
Difficulty: Moderate
Kerin - Chapter 02 #31
Learning Objective: 02-04 Explain how changes in the economic environment can influence consumer purchase behaviour.
Topic: Economic Forces

32. (p. 42) 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
- E. electronic goods

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.

Blooms: Apply
Difficulty: Moderate
Kerin - Chapter 02 #32
Learning Objective: 02-04 Explain how changes in the economic environment can influence consumer purchase behaviour.
Topic: Economic Forces

33. (p. 42) Which of the following is an example of a macroeconomic force?

- A. disposable income
- B. fixed cost
- C. inflation**
- D. variable cost
- E. discretionary earning

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.

Blooms: Remember
Difficulty: Easy
Kerin - Chapter 02 #33
Learning Objective: 02-04 Explain how changes in the economic environment can influence consumer purchase behaviour.
Topic: Economic Forces

34. (p. 42) 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
- E. industrial economic forces

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

Blooms: Remember
Difficulty: Easy
Kerin - Chapter 02 #34
Learning Objective: 02-04 Explain how changes in the economic environment can influence consumer purchase behaviour.
Topic: Economic Forces

35. (p. 42) _____ 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**
- E. Deflation

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

*Blooms: Remember
Difficulty: Easy
Kerin - Chapter 02 #35
Learning Objective: 02-04 Explain how changes in the economic environment can influence consumer purchase behaviour.
Topic: Economic Forces*

36. (p. 42) 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
- E. deflation

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

*Blooms: Understand
Difficulty: Moderate
Kerin - Chapter 02 #36
Learning Objective: 02-04 Explain how changes in the economic environment can influence consumer purchase behaviour.
Topic: Economic Forces*

37. (p. 42) A country's GDP growth declines for three financial quarters successively. This indicates that the country is experiencing _____.

- A. deflation
- B. devaluation
- C. stagflation
- D. inflation
- E. recession**

A recession is a time of slow economic activity with two consecutive periods of negative growth. In this case, slow economic activity is observed for more than nine months.

*Blooms: Apply
Difficulty: Moderate
Kerin - Chapter 02 #37
Learning Objective: 02-04 Explain how changes in the economic environment can influence consumer purchase behaviour.
Topic: Economic Forces*

38. (p. 42) 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. devaluation
- E. 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.

*Blooms: Remember
Difficulty: Easy
Kerin - Chapter 02 #38
Learning Objective: 02-04 Explain how changes in the economic environment can influence consumer purchase behaviour.
Topic: Economic Forces*

39. (p. 42) 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. One of the countries in which the company is operating has decided to adopt a free trade regime.
- E. 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.

*Blooms: Understand
Difficulty: Moderate
Kerin - Chapter 02 #39
Learning Objective: 02-04 Explain how changes in the economic environment can influence consumer purchase behaviour.
Topic: Economic Forces*

40. (p. 42) 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
- E. discretionary income

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

*Blooms: Understand
Difficulty: Moderate
Kerin - Chapter 02 #40
Topic: Economic Forces*

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

41. (p. 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**
- E. \$410,000

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.

*Blooms: Apply
Difficulty: Moderate
Kerin - Chapter 02 #41
Topic: Economic Forces*

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

42. (p. 42-43) 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**
- E. tax exempt income

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

*Blooms: Remember
Difficulty: Easy
Kerin - Chapter 02 #42
Topic: Economic Forces*

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

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

43. (p. 42) What is Robert's gross income?

- A. \$100,000**
- B. \$82,000
- C. \$76,000
- D. \$67,000
- E. \$61,000

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

*Blooms: Apply
Difficulty: Moderate
Kerin - Chapter 02 #43
Topic: Economic Forces*

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

44. (p. 42-43) What is Robert's disposable income?

- A. \$100,000
- B. \$82,000
- C. \$76,000**
- D. \$67,000
- E. \$61,000

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

*Blooms: Apply
Difficulty: Moderate
Kerin - Chapter 02 #44
Topic: Economic Forces*

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

45. (p. 43) What is Robert's discretionary income?

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

*Blooms: Apply
Difficulty: Moderate
Kerin - Chapter 02 #45
Topic: Economic Forces*

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

46. (p. 43) 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. tax exempt income
- E. discretionary income**

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

*Blooms: Understand
Difficulty: Moderate
Kerin - Chapter 02 #46
Topic: Economic Forces*

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

47. (p. 43) 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.**
- E. Disposable income is the total income of a family, whereas discretionary income is the total income of an individual.

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.

*Blooms: Understand
Difficulty: Moderate
Kerin - Chapter 02 #47
Topic: Economic Forces*

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

48. (p. 43) 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.
- E. The population of Canada has been increasing at a rate of 2 percent for the last five years.

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.

*Blooms: Apply
Difficulty: Moderate
Kerin - Chapter 02 #48
Topic: Economic Forces*

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

49. (p. 43) 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**
- E. house rent

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.

*Blooms: Apply
Difficulty: Moderate
Kerin - Chapter 02 #49
Topic: Economic Forces*

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

50. (p. 43) 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. procedural forces
- E. technological forces**

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

Blooms: Remember

Difficulty: Easy

Kerin - Chapter 02 #50

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

Topic: Technological Forces

51. (p. 44) 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
- E. install application software by giving manual commands to the processor

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

Blooms: Remember

Difficulty: Easy

Kerin - Chapter 02 #51

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

Topic: Technological Forces

52. (p. 44) Which of the following is an application that uses cloud computing?

- A. Google Docs**
- B. MS Word
- C. Adobe Acrobat
- D. WinZip
- E. MS Excel

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

Blooms: Remember

Difficulty: Easy

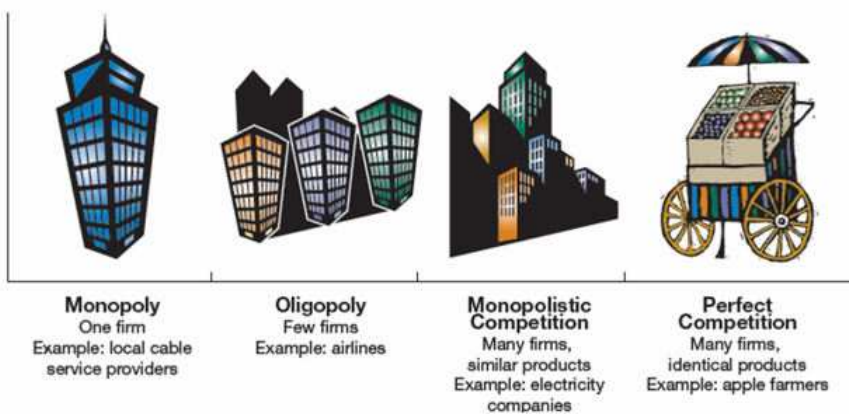
Kerin - Chapter 02 #52

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

Topic: Technological Forces

[VISUAL 02-01]

Types of competitions



Kerin - Chapter 02

53. (p. 45) 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**
- E. perfect competition

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

*Blooms: Remember
Difficulty: Easy
Kerin - Chapter 02 #53
Topic: Competitive Forces*

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

54. (p. 45) 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
- E. monopolistic competition

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

*Blooms: Understand
Difficulty: Moderate
Kerin - Chapter 02 #54
Topic: Competitive Forces*

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

55. (p. 45) 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. indirect competition
- E. 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 #55
Topic: Competitive Forces*

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

56. (p. 45) 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
- E. monopolistic competition

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 #56
Topic: Competitive Forces*

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

57. (p. 45) Alternative products that can satisfy a specific market's needs are called _____.

- A. fundamental forces
- B. direct forces
- C. social forces
- D. competitive forces**
- E. economic forces

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

*Blooms: Remember
Difficulty: Easy
Kerin - Chapter 02 #57
Topic: Competitive Forces*

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

58. (p. 45) 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
- E. products that have the longest life cycle in a market

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

*Blooms: Remember
Difficulty: Easy
Kerin - Chapter 02 #58
Topic: Competitive Forces*

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

59. (p. 45) 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. target different market segments and have similar features
- E. 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.

*Blooms: Remember
Difficulty: Easy
Kerin - Chapter 02 #59
Topic: Competitive Forces*

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

60. (p. 46) 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
- E. perfect competition

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

*Blooms: Understand
Difficulty: Moderate
Kerin - Chapter 02 #60
Topic: Competitive Forces*

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

61. (p. 46) 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.**
- E. Only a few companies control the market in a monopoly.

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

*Blooms: Remember
Difficulty: Easy
Kerin - Chapter 02 #61
Topic: Competitive Forces*

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

62. (p. 46) 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
- E. perfect competition

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

*Blooms: Remember
Difficulty: Easy
Kerin - Chapter 02 #62
Topic: Competitive Forces*

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

63. (p. 46) The market in which Charcos Oil competes exemplifies _____.

- A. perfect competition
- B. duopoly
- C. monopoly
- D. oligopoly**
- E. monopolistic competition

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

Blooms: Apply
Difficulty: Moderate
Kerin - Chapter 02 #63
Learning Objective: 02-06 Describe the different forms of competition and the regulatory forces that shape the marketing industry.
Topic: Competitive Forces

64. (p. 46) 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.
- E. The industry's profitability will increase.

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.

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: Competitive Forces

65. (p. 46) Which of the following types of competition is criticized for price collusion?

- A. oligopoly**
- B. differentiated competition
- C. monopoly
- D. perfect competition
- E. monopolistic competition

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

Blooms: Remember
Difficulty: Easy
Kerin - Chapter 02 #65
Learning Objective: 02-06 Describe the different forms of competition and the regulatory forces that shape the marketing industry.
Topic: Competitive Forces

66. (p. 46) 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
- E. perfect competition

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

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.
Topic: Competitive Forces

67. (p. 46) 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.
- E. Monopolistic competition is characterized by identical products and little differentiation.

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

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: Competitive Forces

68. (p. 47) 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**
- E. electronic goods

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

*Blooms: Understand
Difficulty: Moderate
Kerin - Chapter 02 #68
Learning Objective: 02-06 Describe the different forms of competition and the regulatory forces that shape the marketing industry.
Topic: Competitive Forces*

69. (p. 47) 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
- E. to prevent the formation of oligopolistic markets

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

*Blooms: Remember
Difficulty: Easy
Kerin - Chapter 02 #69
Learning Objective: 02-06 Describe the different forms of competition and the regulatory forces that shape the marketing industry.
Topic: Regulatory Forces*

70. (p. 47) 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
- E. Advertising Standards Canada

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

*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: Regulatory Forces*

71. (p. 49) 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
- E. establishing a voluntary alliance of businesses in Canada

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

*Blooms: Remember
Difficulty: Easy
Kerin - Chapter 02 #71
Learning Objective: 02-06 Describe the different forms of competition and the regulatory forces that shape the marketing industry.
Topic: Regulatory Forces*

72. (p. 49) Which of the following statements is true of the Children's Advertising Initiative?

- A. The Children's 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.**
- E. The initiative does not cover ads placed in digital media directed at children.

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

*Blooms: Remember
Difficulty: Easy
Kerin - Chapter 02 #72
Learning Objective: 02-06 Describe the different forms of competition and the regulatory forces that shape the marketing industry.
Topic: The Childrens Advertising Initiative*

73. (p. 50) _____ refers to the dissemination of unsolicited electronic messages to recipients.

- A. Spoofing
- B. Virus
- C. Spam**
- D. Cookie
- E. Hacking

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

*Blooms: Remember
Difficulty: Easy
Kerin - Chapter 02 #73
Topic: Regulatory Forces*

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

74. (p. 31) 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.

*Blooms: Remember
Difficulty: Easy
Kerin - Chapter 02 #74
Topic: A Marketing Environmental Scan*

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

75. (p. 31) 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.

*Blooms: Remember
Difficulty: Easy
Kerin - Chapter 02 #75
Topic: A Marketing Environmental Scan*

Learning Objective: 02-02 Describe the elements of a marketing environmental scan and summarize the trends affecting each element.

76. (p. 33) Albert, who was born in 1978, is a baby boomer.

FALSE

Baby boomers are people who were born between 1946 and 1964.

*Blooms: Understand
Difficulty: Moderate
Kerin - Chapter 02 #76
Topic: Demographic Forces*

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

77. (p. 34) Generation X is the group of people born between 1975 and 1991 and referred to as millennials.

FALSE

Generation Y is the group of people born between 1975 and 1991 and referred to as millennials.

*Blooms: Remember
Difficulty: Easy
Kerin - Chapter 02 #77
Topic: Demographic Forces*

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

78. (p. 34) Generation Z consumers are considered to be pioneers of social media.

TRUE

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: Remember
Difficulty: Easy
Kerin - Chapter 02 #78
Topic: Demographic Forces*

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

79. (p. 37) 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.

*Blooms: Remember
Difficulty: Easy
Kerin - Chapter 02 #79
Topic: Socio-Cultural Forces*

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

80. (p. 41) RBC does not communicate the Blue Water Project through mass media.

FALSE

The Blue Water Project is communicated by RBC through TV ads, movie theatre commercials, and online display ads that point viewers to a micro-site watchthefilm.org to soak up footage on the projects.

*Blooms: Remember
Difficulty: Easy
Kerin - Chapter 02 #80
Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that are affecting marketing approaches.
Topic: RBCs Blue Water Project*

81. (p. 42) 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.

*Blooms: Remember
Difficulty: Easy
Kerin - Chapter 02 #81
Learning Objective: 02-04 Explain how changes in the economic environment can influence consumer purchase behaviour.
Topic: Economic Forces*

82. (p. 42) 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.

*Blooms: Remember
Difficulty: Easy
Kerin - Chapter 02 #82
Learning Objective: 02-04 Explain how changes in the economic environment can influence consumer purchase behaviour.
Topic: Economic Forces*

83. (p. 42) 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.

*Blooms: Remember
Difficulty: Easy
Kerin - Chapter 02 #83
Learning Objective: 02-04 Explain how changes in the economic environment can influence consumer purchase behaviour.
Topic: Economic Forces*

84. (p. 42) 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.

*Blooms: Understand
Difficulty: Moderate
Kerin - Chapter 02 #84
Learning Objective: 02-04 Explain how changes in the economic environment can influence consumer purchase behaviour.
Topic: Economic Forces*

85. (p. 42-43) 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.

*Blooms: Remember
Difficulty: Easy
Kerin - Chapter 02 #85
Learning Objective: 02-04 Explain how changes in the economic environment can influence consumer purchase behaviour.
Topic: Economic Forces*

86. (p. 42-43) 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.

*Blooms: Understand
Difficulty: Moderate
Kerin - Chapter 02 #86
Learning Objective: 02-04 Explain how changes in the economic environment can influence consumer purchase behaviour.
Topic: Economic Forces*

87. (p. 44) 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.

Blooms: Remember

Difficulty: Easy

Kerin - Chapter 02 #87

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

Topic: Technological Forces

88. (p. 45) 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.

Blooms: Remember

Difficulty: Easy

Kerin - Chapter 02 #88

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

Topic: Competitive Forces

89. (p. 45) 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.

Blooms: Remember

Difficulty: Easy

Kerin - Chapter 02 #89

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

Topic: Competitive Forces

90. (p. 46) 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.

Blooms: Remember

Difficulty: Easy

Kerin - Chapter 02 #90

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

Topic: Competitive Forces

91. (p. 46) 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.

Blooms: Understand

Difficulty: Moderate

Kerin - Chapter 02 #91

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

Topic: Competitive Forces

92. (p. 46-47) 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.

Blooms: Understand

Difficulty: Moderate

Kerin - Chapter 02 #92

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

Topic: Competitive Forces

93. (p. 46-47) 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.

Blooms: Remember

Difficulty: Easy

Kerin - Chapter 02 #93

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

Topic: Regulatory Forces

94. (p. 47) The Better Business Bureau is a voluntary alliance of businesses.

TRUE

The Better Business Bureau (BBB) is a voluntary alliance of businesses whose members are committed to being fair and honest in their dealings.

*Blooms: Remember
Difficulty: Easy*

Kerin - Chapter 02 #94

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

95. (p. 48) 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.

*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: Regulatory Forces*

96. (p. 50) 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.

*Blooms: Understand
Difficulty: Moderate*

Kerin - Chapter 02 #96

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

97. (p. 32) 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 #97

*Learning Objective: 02-02 Describe the elements of a marketing environmental scan and summarize the trends affecting each element.
Topic: A Marketing Environmental Scan*

98. (p. 31) 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 #98

*Learning Objective: 02-02 Describe the elements of a marketing environmental scan and summarize the trends affecting each element.
Topic: A Marketing Environmental Scan*

99. (p. 33-34) 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 #99

*Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that are affecting marketing approaches.
Topic: Demographic Forces*

100. (p. 34-35) 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 #100

*Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that are affecting marketing approaches.
Topic: Demographic Forces*

101. (p. 36) 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 #101
Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that are affecting marketing approaches.
Topic: Demographic Forces*

102. (p. 37) 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 #102
Learning Objective: 02-03 Outline the current demographic and socio-cultural influences that are affecting marketing approaches.
Topic: Socio-Cultural Forces*

103. (p. 42) 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 #103
Learning Objective: 02-04 Explain how changes in the economic environment can influence consumer purchase behaviour.
Topic: Economic Forces*

104. (p. 42) 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 #104
Learning Objective: 02-04 Explain how changes in the economic environment can influence consumer purchase behaviour.
Topic: Economic Forces*

105. (p. 42) 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 of 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 #105
Learning Objective: 02-04 Explain how changes in the economic environment can influence consumer purchase behaviour.
Topic: Economic Forces*

106. (p. 45) 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 #106
Learning Objective: 02-06 Describe the different forms of competition and the regulatory forces that shape the marketing industry.
Topic: Competitive Forces*

107. (p. 47) 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 #107

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

Topic: Regulatory Forces

108. (p. 48) 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 #108

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

Topic: Regulatory Forces

109. (p. 49) Briefly describe the role of the Better Business Bureau.

The Better Business Bureau (BBB) is a voluntary alliance of businesses whose members are committed to being fair and honest in their dealings, to promoting self-regulatory practices, and to collecting and dispensing information to help businesses and consumers make sound decisions. It provides businesses with guidelines for building trust in the marketplace. It advises organizations to establish and build a positive reputation in the market by honestly representing products.

Blooms: Remember

Difficulty: Easy

Kerin - Chapter 02 #109

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

Topic: Regulatory Forces

110. (p. 50) 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 #110

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

Topic: Regulatory Forces

c2 Summary

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