

Marketing: An Introduction, 10e (Armstrong/Kotler)
Chapter 3 The Marketing Environment

1) Which of the following terms is used to describe the factors and forces outside marketing that affect marketing management's ability to build and maintain successful relationships with target customers?

- A) the marketing environment
- B) strategic planning
- C) target markets
- D) the marketing mix
- E) none of the above

Answer: A

Diff: 1 Page Ref: 66

Skill: Concept

Objective: 3-1

2) You are directed to study the actors close to the company that affect its ability to serve its customers—departments within the company, suppliers, marketing intermediaries, customer markets, competitors, and publics. What are you studying?

- A) the macroenvironment
- B) the microenvironment
- C) the marketing environment
- D) the green movement
- E) the global environment

Answer: B

Diff: 2 Page Ref: 67

Skill: Concept

Objective: 3-1

3) You are directed to study the factors that are larger societal forces that affect your company—demographic, economic, natural, technological, political, and cultural. What are you studying?

- A) the macroenvironment
- B) the microenvironment
- C) the marketing environment
- D) the marketing mix
- E) the global environment

Answer: A

Diff: 1 Page Ref: 67

Skill: Concept

AACSB: Reflective Thinking

Objective: 3-1

4) Which of the following is NOT a type of factor in a company's macroenvironment?

- A) demographic
- B) economic
- C) technological
- D) competitor
- E) political

Answer: D

Diff: 2 Page Ref: 67

Skill: Concept

Objective: 3-1

5) All of the groups within a company are called the _____.

- A) culture
- B) diversity
- C) internal environment
- D) climate
- E) range

Answer: C

Diff: 2 Page Ref: 67

Skill: Concept

Objective: 3-1

6) Which type of organization helps companies to stock and move goods from their points of origin to their destination?

- A) financial intermediary
- B) physical distribution firm
- C) marketing service firm
- D) reseller
- E) supplier

Answer: B

Diff: 1 Page Ref: 68

Skill: Concept

Objective: 3-1

7) Banks, credit companies, insurance companies, and other businesses that help finance transactions or insure against the risks associated with the buying and selling of goods and services are referred to as _____.

- A) financial intermediaries
- B) physical distribution firms
- C) marketing service agencies
- D) resellers
- E) wholesalers

Answer: A

Diff: 1 Page Ref: 68

Skill: Concept

Objective: 3-1

8) A company's marketing environment includes various _____ that are made up of groups that have an actual or potential interest in, or impact on, an organization's ability to achieve its objectives.

- A) teams
- B) audiences
- C) markets
- D) publics
- E) intermediaries

Answer: D

Diff: 2 Page Ref: 69

Skill: Concept

AACSB: Communication

Objective: 3-1

9) Which of the following is NOT an example of a public that is part of a company's marketing environment?

- A) financial
- B) media
- C) government
- D) citizen-action
- E) marketing department

Answer: E

Diff: 2 Page Ref: 69-70

Skill: Concept

AACSB: Communication

Objective: 3-1

10) A radio station that carries news, features, and editorial opinions about your area is best classified as which type of public?

- A) financial
- B) media
- C) citizen-action
- D) local
- E) regional

Answer: B

Diff: 1 Page Ref: 69

Skill: Concept

AACSB: Reflective Thinking

Objective: 3-1

11) Consumer organizations and environmental groups are examples of _____ publics.

- A) general
- B) local
- C) government
- D) citizen-action
- E) media

Answer: D

Diff: 2 Page Ref: 69

Skill: Concept

Objective: 3-1

12) Workers, managers, and members of the board of directors are all part of a company's _____.

- A) general public
- B) internal public
- C) local public
- D) intermediary public
- E) market public

Answer: B

Diff: 1 Page Ref: 70

Skill: Concept

Objective: 3-1

13) Percy Original caters to a market of individuals and households that buy goods and services for personal consumption. What type of market does Percy Original cater to?

- A) business
- B) reseller
- C) government
- D) consumer
- E) marketing intermediary

Answer: D

Diff: 2 Page Ref: 70

Skill: Concept

AACSB: Reflective Thinking

Objective: 3-1

14) Which type of market buys goods and services to produce public services or to transfer them to others who need them?

- A) government
- B) reseller
- C) wholesale
- D) consumer
- E) retail

Answer: A

Diff: 1 Page Ref: 70

Skill: Concept

Objective: 3-1

15) Members of which type of market buy goods and services for further processing or for use in the production process?

- A) business
- B) reseller
- C) wholesale
- D) consumer
- E) retail

Answer: A

Diff: 2 Page Ref: 70

Skill: Concept

Objective: 3-1

16) Rachel Patino works for a wholesale company called Distributors Unlimited. She is responsible for buying and selling goods at a profit to small retailers. What is her market?

- A) business
- B) reseller
- C) wholesale
- D) consumer
- E) retail

Answer: B

Diff: 2 Page Ref: 70

Skill: Concept

Objective: 3-1

17) Your marketing department is currently researching the size, density, location, age, and occupations of your target market. Which environment is being researched?

- A) demographic
- B) psychographic
- C) economic
- D) geographic
- E) cultural

Answer: A

Diff: 2 Page Ref: 71

Skill: Concept

Objective: 3-2

18) The three largest age groups in America are the baby boomers, Generation Xers, and

- A) seniors
- B) Millennials
- C) teens
- D) tweens
- E) toddlers

Answer: B

Diff: 1 Page Ref: 71

Skill: Concept

AACSB: Multicultural and Diversity

Objective: 3-2

19) The most important demographic trend in the United States is the _____.

- A) changing age structure of the population
- B) mobility of the population
- C) slowing birth rate
- D) increasing growth in professional jobs
- E) changing structure of the family

Answer: A

Diff: 2 Page Ref: 71

Skill: Concept

AACSB: Multicultural and Diversity

Objective: 3-2

20) The youngest of the baby boomers are now in their _____.

- A) late 20s
- B) mid-20s
- C) mid-40s
- D) early 50s
- E) early 60s

Answer: C

Diff: 2 Page Ref: 71

Skill: Concept

AACSB: Multicultural and Diversity

Objective: 3-2

21) Which of the following is the most commercially influential American demographic age group today?

- A) Generation X
- B) baby boomers
- C) Millennials
- D) seniors
- E) tweens

Answer: B

Diff: 2 Page Ref: 72

Skill: Concept

AACSB: Multicultural and Diversity

Objective: 3-2

22) Which of the following descriptions most accurately characterizes the baby boomers?

- A) They are aging and slowing down.
- B) They are a shrinking market for new housing and home remodeling.
- C) They are past their peak earning and spending years.
- D) They hold 75% of the country's financial assets.
- E) They were largely unaffected by the recent recession.

Answer: D

Diff: 2 Page Ref: 72

Skill: Concept

AACSB: Multicultural and Diversity

Objective: 3-2

23) Which demographic group was once labeled "the MTV generation" but has become the most educated generation to date?

- A) Generation X
- B) Millennials
- C) Generation Y
- D) baby boomers
- E) teenagers

Answer: A

Diff: 2 Page Ref: 72

Skill: Concept

AACSB: Multicultural and Diversity

Objective: 3-2

24) Which of the following descriptions most accurately characterizes Gen Xers?

- A) There are more Gen Xers than Millennials.
- B) They were the first generation of latchkey kids.
- C) They tend to put career before family.
- D) They are more interested in acquiring goods than having experiences.
- E) They rarely research a product before purchasing it.

Answer: B

Diff: 2 Page Ref: 72

Skill: Concept

AACSB: Multicultural and Diversity

Objective: 3-2

25) Which demographic group is also referred to as the echo boomers?

- A) Generation X
- B) Millennials
- C) Generation Z
- D) Baby boomers
- E) Baby busters

Answer: B

Diff: 2 Page Ref: 73

Skill: Concept

AACSB: Multicultural and Diversity

Objective: 3-2

26) Which demographic group includes large tween and teen markets?

- A) Generation X
- B) Millennials
- C) baby busters
- D) baby boomers
- E) the elderly

Answer: B

Diff: 1 Page Ref: 73

Skill: Concept

AACSB: Multicultural and Diversity

Objective: 3-2

- 27) Which of the following descriptions most accurately characterizes Millennials?
- A) They are children of baby boomers.
 - B) They are not as technologically savvy as Gen Xers are.
 - C) They have reached their peak earning and spending years.
 - D) They were once labeled "the MTV generation."
 - E) They have graduated from college and are taking over positions of power in the business world.

Answer: A

Diff: 2 Page Ref: 73

Skill: Concept

AACSB: Multicultural and Diversity

Objective: 3-2

- 28) Which demographic group is characterized by a total fluency and comfort with computer, digital, and Internet technology?

- A) Generation X
- B) Millennials
- C) the elderly
- D) Generation Z
- E) baby boomers

Answer: B

Diff: 2 Page Ref: 73

Skill: Concept

AACSB: Multicultural and Diversity

Objective: 3-2

- 29) Which of the following demographic groups has NOT seen a percentage increase in the past 50 years?

- A) women staying at home with their children
- B) men staying at home with their children
- C) nontraditional households
- D) nonfamily households
- E) women working outside of the home

Answer: A

Diff: 3 Page Ref: 74

Skill: Concept

AACSB: Multicultural and Diversity

Objective: 3-2

30) The number of _____ households is now growing faster than the number of _____ households.

- A) traditional; nontraditional
- B) large; traditional
- C) nontraditional; smaller
- D) nontraditional; traditional
- E) male-dominant; female-dominant

Answer: D

Diff: 2 Page Ref: 74

Skill: Concept

AACSB: Multicultural and Diversity

Objective: 3-2

31) In 1950, women made up less than 40 percent of the workforce; now they make up _____.

- A) 35 percent
- B) 40 percent
- C) 43 percent
- D) 46 percent
- E) 59 percent

Answer: E

Diff: 3 Page Ref: 74

Skill: Concept

AACSB: Multicultural and Diversity

Objective: 3-2

32) Americans are very mobile. Over the past two decades, the U.S. population has shifted most heavily toward the _____ states.

- A) Midwestern
- B) Northwestern
- C) Sunbelt
- D) Southeastern
- E) Northeastern

Answer: C

Diff: 2 Page Ref: 75

Skill: Concept

Objective: 3-2

33) Which of the following geographical areas has NOT experienced a recent population increase?

- A) micropolitan areas
- B) suburbs
- C) the West
- D) the Northeast
- E) the South

Answer: D

Diff: 2 Page Ref: 74

Skill: Concept

Objective: 3-2

34) In the 1950's the American population began shifting from large cities to _____.

- A) farming communities
- B) rural areas
- C) foreign countries
- D) suburbs
- E) coastal towns

Answer: D

Diff: 2 Page Ref: 75

Skill: Concept

Objective: 3-2

35) As more and more Americans are moving to "micropolitan areas," marketers can most reasonably assume that _____.

- A) geographic segmentation may be less critical
- B) rural populations will offer an expanding market
- C) micropolitan areas may offer the same advantages as metropolitan areas
- D) congested areas may become more ensnarled
- E) crime rates in metropolitan areas will increase

Answer: C

Diff: 2 Page Ref: 75

Skill: Concept

AACSB: Analytic Skills

Objective: 3-2

36) An increasing number of American workers work out of their homes with technological conveniences such as PCs, high-speed Internet access, and fax machines. These workers are referred to as the _____ market.

- A) LOHAS
- B) SOHO
- C) Gen X
- D) Millennial
- E) micropolitan

Answer: B

Diff: 2 Page Ref: 75

Skill: Concept

Objective: 3-2

- 37) Which of the following most accurately reflects the popularity of telecommuting?
- A) Almost all American businesses are expected to offer telecommuting options within the next decade.
 - B) The majority of American businesses currently offer telecommuting programs for their employees.
 - C) About 40% of American businesses currently offer telecommuting programs for their employees.
 - D) About 25% of American businesses currently offer telecommuting programs for their employees.
 - E) The percentage of American businesses offering telecommuting programs is expected to decline within the next decade.

Answer: C

Diff: 2 Page Ref: 75

Skill: Concept

Objective: 3-2

- 38) Over the past 50 years, which of the following groups of workers has become smaller?
- A) managers
 - B) manufacturers
 - C) professionals
 - D) telecommuters
 - E) married women

Answer: B

Diff: 2 Page Ref: 76

Skill: Concept

AACSB: Multicultural and Diversity

Objective: 3-2

- 39) Because of increasing _____, Americans will demand higher quality products, books, magazines, travel, personal computers, and Internet services.

- A) numbers of nontraditional families
- B) family size
- C) levels of education
- D) social class awareness
- E) ethnic diversity

Answer: C

Diff: 2 Page Ref: 76

Skill: Concept

AACSB: Multicultural and Diversity

Objective: 3-2

- 40) Which of the following is an accurate statement about the diversity of the American population?
- A) African Americans represent the largest non-white segment of the population.
 - B) More than 12 percent of people living in the United States were born in another country.
 - C) The Asian American percentage of the population is expected to remain steady in the next 50 years.
 - D) In terms of ethnic diversity, the United States is about average in comparison to other countries with populations of a comparable size.
 - E) American ethnic populations are expected to slowly increase in the next few decades.

Answer: B

Diff: 3 Page Ref: 76

Skill: Concept

AACSB: Multicultural and Diversity

Objective: 3-2

- 41) Of the following, which is the fastest-growing group in the United States?

- A) African Americans
- B) Caucasians
- C) Hispanics
- D) Native Americans
- E) Arab Americans

Answer: C

Diff: 2 Page Ref: 77

Skill: Concept

AACSB: Multicultural and Diversity

Objective: 3-2

- 42) Because of an expected increase in ethnic populations, marketers are likely to place a greater emphasis on _____.

- A) geographic segmentation
- B) targeted advertising messages
- C) mass marketing
- D) mainstream advertising
- E) cause-related marketing

Answer: B

Diff: 2 Page Ref: 76

Skill: Concept

AACSB: Multicultural and Diversity

Objective: 3-2

43) Members of which of the following groups are more likely than the general population to have professional jobs, own a vacation home, own a notebook computer, and own individual stocks?

- A) Gen Xers
- B) gays and lesbians
- C) Millennials
- D) echo boomers
- E) environmentalists

Answer: B

Diff: 2 Page Ref: 77

Skill: Concept

AACSB: Multicultural and Diversity

Objective: 3-2

44) Of the following diversity segments in the American population, which is currently the largest?

- A) adults with disabilities
- B) Hispanics
- C) African Americans
- D) telecommuters
- E) Asian Americans

Answer: A

Diff: 2 Page Ref: 77

Skill: Concept

AACSB: Multicultural and Diversity

Objective: 3-2

45) The _____ environment consists of factors that affect consumer purchasing power and spending patterns.

- A) cultural
- B) political
- C) technological
- D) economic
- E) natural

Answer: D

Diff: 1 Page Ref: 78

Skill: Concept

Objective: 3-2

46) A country with a(n) _____ economy consumes most of its own agricultural and industrial outputs and offers few market opportunities.

- A) industrial
- B) service
- C) technological
- D) subsistence
- E) developed

Answer: D

Diff: 2 Page Ref: 78

Skill: Concept

Objective: 3-2

47) A country with a(n) _____ economy has rich markets for many different kinds of goods.

- A) industrial
- B) service
- C) rural
- D) subsistence
- E) multicultural

Answer: A

Diff: 2 Page Ref: 78

Skill: Concept

Objective: 3-2

48) Value marketing is the strategy of offering consumers _____.

- A) high quality at a high price
- B) luxury quality at a high price
- C) lesser quality at a low price
- D) reasonable quality at a fair price
- E) little quality at a low price

Answer: D

Diff: 2 Page Ref: 79

Skill: Concept

Objective: 3-2

49) Which of the following statements about income distribution in the United States is NOT true?

- A) In recent decades, the rich have gotten richer.
- B) In recent decades, the middle class has grown.
- C) In recent decades, the poor have remained poor.
- D) The top 10 percent of American earners account for almost half of all American income.
- E) The top one percent of American earners receive a higher percentage of the nation's total income than do the bottom 50 percent of American earners.

Answer: B

Diff: 3 Page Ref: 79

Skill: Concept

AACSB: Multicultural and Diversity

Objective: 3-2

50) In a tiered market, companies target which of the following?

- A) affluent consumers only
- B) consumers of modest means only
- C) the middle class only
- D) consumers at all levels of income distribution
- E) professionals only

Answer: D

Diff: 2 Page Ref: 79

Skill: Concept

Objective: 3-2

51) Which of the following combinations of expenses use up most household income?

- A) food, housing, retirement planning
- B) housing, insurance, taxes
- C) food, housing, transportation
- D) housing, taxes, transportation
- E) food, travel, savings

Answer: C

Diff: 2 Page Ref: 79

Skill: Concept

Objective: 3-2

52) Ernst Engel's laws generally have been supported by recent studies. He discovered that as family income rises, the percentage spent on _____ declines and the percentage spent on _____ remains about constant.

- A) food; clothing
- B) clothing; recreation/entertainment
- C) savings; transportation
- D) food; housing
- E) recreation/entertainment; savings

Answer: D

Diff: 2 Page Ref: 79-80

Skill: Concept

Objective: 3-2

53) The natural resources that are needed as inputs by marketers or that are affected by marketing activities are referred to as the _____.

- A) raw material market
- B) natural environment
- C) endangered environment
- D) green movement
- E) factors of production

Answer: B

Diff: 1 Page Ref: 80

Skill: Concept

Objective: 3-3

54) Which of the following American government agencies is charged with setting and enforcing pollution standards?

- A) the Environmental Protection Agency (EPA)
- B) the Federal Trade Commission (FTC)
- C) the Food and Drug Administration (FDA)
- D) the Consumer Product Safety Commission
- E) the Federal Energy Regulatory Commission

Answer: A

Diff: 1 Page Ref: 80

Skill: Concept

AACSB: Ethical Reasoning

Objective: 3-3

55) What movement has encouraged marketers to pursue environmentally sustainable strategies?

- A) the EPA
- B) the black market
- C) the green movement
- D) the SOHO movement
- E) green intervention

Answer: C

Diff: 2 Page Ref: 80

Skill: Concept

AACSB: Ethical Reasoning

Objective: 3-3

56) Which country leads the world in research and development spending?

- A) England
- B) Germany
- C) Sweden
- D) Japan
- E) the United States

Answer: E

Diff: 2 Page Ref: 82

Skill: Concept

AACSB: Use of IT

Objective: 3-3

L.S.F.

57) Which of the following is a result of regulations set up by the Food and Drug Administration and the Consumer Product Safety Commission?

- A) The time lag between new product ideas and their introduction to the market has decreased.
- B) Spending on research and development has decreased.
- C) Research costs for companies have grown.
- D) More companies have failed to meet safety standards.
- E) Companies are more focused on making practical, affordable versions of products.

Answer: C

Diff: 2 Page Ref: 82

Skill: Concept

AACSB: Ethical Reasoning

Objective: 3-3

58) Marketers should be aware of laws, government agencies, and pressure groups that influence or limit various organizations and individuals in a given society. This is the _____ environment.

- A) socio-legal
- B) cultural
- C) political
- D) legal-technological
- E) economic

Answer: C

Diff: 1 Page Ref: 83

Skill: Concept

AACSB: Ethical Reasoning

Objective: 3-4

59) Even the most liberal advocates of free-market economies agree that the system works best with _____ regulation.

- A) private
- B) maximum
- C) intermittent
- D) at least some
- E) no

Answer: D

Diff: 2 Page Ref: 83

Skill: Concept

AACSB: Ethical Reasoning

Objective: 3-4

60) Legislation affecting business around the world will continue to _____.

- A) become simplified
- B) increase
- C) stabilize
- D) decrease
- E) relax consumer protections

Answer: B

Diff: 1 Page Ref: 83

Skill: Concept

AACSB: Ethical Reasoning

Objective: 3-4

61) The legislation created to limit the number of commercials aired during children's programming is called the _____.

- A) Children's Online Privacy Protection Act
- B) Child Protection Act
- C) Commercial Product Act
- D) Children's Television Act
- E) Consumer Product Safety Act

Answer: D

Diff: 2 Page Ref: 84

Skill: Concept

AACSB: Communication

Objective: 3-4

62) Business legislation has been created for three basic reasons: to protect companies from each other, to protect consumers, and to _____.

- A) protect the interests of society
- B) regulate prices
- C) increase world trade
- D) regulate monopolies
- E) promote environmental sustainability

Answer: A

Diff: 2 Page Ref: 83

Skill: Concept

AACSB: Ethical Reasoning

Objective: 3-4

63) The recent rash of business scandals and increased concerns about the environment have created fresh interest in the issues of _____ and _____.

- A) ethics; promotion responsibility
- B) ethics; social responsibility
- C) finances; employee discrimination
- D) management ethics; cultural bias
- E) promotion; pricing

Answer: B

Diff: 2 Page Ref: 85

Skill: Concept

AACSB: Ethical Reasoning

Objective: 3-4

64) A company or association's _____ is designed to help guide responses to complex social responsibility issues.

- A) code of ethics
- B) cause-related marketing
- C) discretion in enforcing regulations
- D) privacy policy
- E) core value system

Answer: A

Diff: 2 Page Ref: 85

Skill: Concept

AACSB: Ethical Reasoning

Objective: 3-4

65) The primary concern for consumers with the boom in Internet marketing is _____.

- A) pornography
- B) false advertising
- C) privacy
- D) sustainability
- E) social responsibility

Answer: C

Diff: 2 Page Ref: 85

Skill: Concept

AACSB: Use of IT

Objective: 3-4

- 66) Cause-related marketing is _____.
- A) a response to customer needs
 - B) a primary form of environmental awareness
 - C) a primary form of corporate giving
 - D) a response to corporate political problems
 - E) an attempt to influence customers' core beliefs

Answer: C

Diff: 2 Page Ref: 87

Skill: Concept

AACSB: Ethical Reasoning

Objective: 3-4

- 67) A society's basic values, perceptions, preferences, and behaviors are all part of its _____ environment.

- A) social
- B) cultural
- C) political
- D) cultural-economic
- E) natural

Answer: B

Diff: 1 Page Ref: 88

Skill: Concept

Objective: 3-4

- 68) A society's core beliefs and values have a high degree of _____.

- A) persistence
- B) simplicity
- C) similarity
- D) ethnocentrism
- E) conformity

Answer: A

Diff: 2 Page Ref: 88

Skill: Concept

Objective: 3-4

- 69) A society's _____ are expressed in how people view themselves, organizations, society, nature, and the universe.

- A) marketing responses
- B) cultural values
- C) demographics
- D) public policies
- E) economies

Answer: B

Diff: 1 Page Ref: 89

Skill: Concept

AACSB: Communication

Objective: 3-4

70) Watching the cultural trends of how people view others, observers have noted an increased interest in _____.

- A) socializing with co-workers
- B) going out less and staying home more
- C) patriotism
- D) do-it-yourself projects
- E) adventurous experiences

Answer: B

Diff: 2 Page Ref: 89

Skill: Concept

Objective: 3-4

71) Trends in people's views of organizations indicate that which of the following has increased in the past twenty years?

- A) employees' loyalty to their employers
- B) confidence in American political organizations
- C) distrust in big American businesses
- D) distrust in small, local businesses
- E) employees' view of work as a source of satisfaction

Answer: C

Diff: 2 Page Ref: 90

Skill: Concept

Objective: 3-4

72) Watching the cultural trends of how people view society, observers have noted that since September 11, 2001, marketers responded to the increased _____ of Americans with special products and promotions.

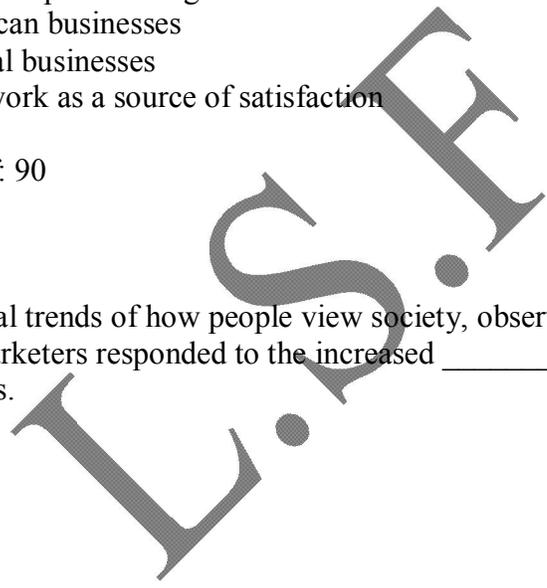
- A) loyalty
- B) patriotism
- C) distrust
- D) foreign intolerance
- E) belligerence

Answer: B

Diff: 2 Page Ref: 90

Skill: Concept

Objective: 3-4



73) Which of the following is a potential downside to using patriotic themes in marketing programs?

- A) Levels of patriotism fluctuate rapidly.
- B) Patriotism has been on the decline in the past decade.
- C) Such promotions can be viewed as attempts to gain from others' triumph or tragedy.
- D) Americans are less confident in political organizations.
- E) Few marketers currently use this technique.

Answer: C

Diff: 2 Page Ref: 90

Skill: Concept

AACSB: Communication

Objective: 3-4

74) Cultural forecasters have noted a renewed American interest in _____.

- A) dominating and taming nature
- B) the fine arts
- C) work as a source of satisfaction and self-definition
- D) spirituality
- E) organized religion

Answer: D

Diff: 2 Page Ref: 91

Skill: Concept

AACSB: Multicultural and Diversity

Objective: 3-4

75) Marketers can take a(n) _____ by taking aggressive action to affect the publics and forces in their marketing environments.

- A) environmental perspective
- B) proactive stance
- C) natural perspective
- D) natural management perspective
- E) relationship building perspective

Answer: B

Diff: 2 Page Ref: 92

Skill: Concept

Objective: 3-5

76) When the marketing manager Suzie Kwan discusses factors and forces outside marketing that affect marketing management's ability to build and maintain successful relationships with target customers, she is talking about the external marketing concept.

Answer: FALSE

Diff: 2 Page Ref: 66

Skill: Application

AACSB: Reflective Thinking

Objective: 3-1

77) Marketers, more than any other group in the company, must be aware of the microenvironment and macroenvironment, tracking trends and seeking opportunities.

Answer: TRUE

Diff: 2 Page Ref: 67

Skill: Concept

Objective: 3-1

78) The microenvironment consists of larger societal forces that affect a company, such as demographic, economic, political, and cultural forces.

Answer: FALSE

Diff: 1 Page Ref: 67

Skill: Concept

Objective: 3-1

79) The macroenvironment consists of the factors close to the company that affect its ability to service its customers, such as suppliers, customer markets, competitors, and publics.

Answer: FALSE

Diff: 1 Page Ref: 67

Skill: Concept

Objective: 3-1

80) Trudie Jones works for a distribution channel firm that helps several electronics companies find customers or make sales to them. Trudie works for a reseller.

Answer: TRUE

Diff: 3 Page Ref: 68

Skill: Application

AACSB: Reflective Thinking

Objective: 3-1

81) Marketing research firms, advertising agencies, media firms, and marketing consulting firms are all referred to as marketing services agencies.

Answer: TRUE

Diff: 1 Page Ref: 68

Skill: Concept

Objective: 3-1

82) Today's marketers should view their intermediaries as channels through which they sell their products rather than as full-fledged partners.

Answer: FALSE

Diff: 1 Page Ref: 68-69

Skill: Concept

Objective: 3-1

83) No single competitive marketing strategy is best for all companies.

Answer: TRUE

Diff: 1 Page Ref: 69

Skill: Concept

Objective: 3-1

84) Consumer organizations such as environmental and minority groups that may question a company's marketing decisions are referred to as local publics.

Answer: FALSE

Diff: 2 Page Ref: 69

Skill: Concept

Objective: 3-1

85) As an employee of Bonkers Enterprises, Brianna Jones markets wild and crazy games for teens to play at parties. Brianna's customer market is a business market.

Answer: FALSE

Diff: 2 Page Ref: 70

Skill: Application

AACSB: Reflective Thinking

Objective: 3-1

86) The demographic environment is of major interest to marketers because it involves people, and people make up markets.

Answer: TRUE

Diff: 1 Page Ref: 71

Skill: Concept

Objective: 3-2

87) The single most important demographic trend in the United States that marketers should understand is the changing family structure.

Answer: FALSE

Diff: 2 Page Ref: 71

Skill: Concept

AACSB: Multicultural and Diversity

Objective: 3-2

88) As baby boomers reach their peak earning and spending years, they represent markets for high-ticket items.

Answer: TRUE

Diff: 1 Page Ref: 72

Skill: Concept

AACSB: Multicultural and Diversity

Objective: 3-2

89) Once thought of as slackers, Gen Xers are now displacing the lifestyles, culture, and materialistic values of the baby boomers.

Answer: TRUE

Diff: 2 Page Ref: 72

Skill: Concept

AACSB: Multicultural and Diversity

Objective: 3-2

90) Millennials comprise the most commercially influential demographic group in American history.

Answer: FALSE

Diff: 1 Page Ref: 73

Skill: Concept

AACSB: Multicultural and Diversity

Objective: 3-2

91) Millennials represent a larger demographic segment than the baby boomers or Gen Xers.

Answer: TRUE

Diff: 3 Page Ref: 73

Skill: Concept

AACSB: Multicultural and Diversity

Objective: 3-2

92) Marketers must increasingly consider the needs of traditional households because this segment of the population is growing more rapidly than nontraditional households.

Answer: FALSE

Diff: 2 Page Ref: 74

Skill: Concept

AACSB: Multicultural and Diversity

Objective: 3-2

93) Recent shifts in where people live have led to shifts in where people work.

Answer: TRUE

Diff: 1 Page Ref: 75

Skill: Concept

Objective: 3-2

94) The American workforce today is better educated and more white-collar than it was a generation ago.

Answer: TRUE

Diff: 1 Page Ref: 76

Skill: Concept

Objective: 3-2

95) Major companies in several industries are now directly targeting gay and lesbian consumers.

Answer: TRUE

Diff: 2 Page Ref: 77

Skill: Concept

AACSB: Multicultural and Diversity

Objective: 3-2

96) Diversity in America is increasing, and successful marketers are increasingly diversifying their marketing programs to appeal to different segments of the population.

Answer: TRUE

Diff: 1 Page Ref: 78

Skill: Concept

AACSB: Multicultural and Diversity

Objective: 3-2

97) Most household income is used up in purchasing food, housing, and transportation.

Answer: TRUE

Diff: 2 Page Ref: 79

Skill: Concept

Objective: 3-2

98) According to Engel's laws, consumers tend to spend a larger percentage of income on savings as income rises.

Answer: TRUE

Diff: 2 Page Ref: 79-80

Skill: Concept

Objective: 3-2

99) Significant trends in the natural environment include shortages of raw materials, increased pollution, and decreased government intervention.

Answer: FALSE

Diff: 2 Page Ref: 80

Skill: Concept

Objective: 3-3

100) Environmental concerns have been on the decline in the past decade; more government legislation and the green movement may be the cause of this trend.

Answer: FALSE

Diff: 2 Page Ref: 80

Skill: Concept

Objective: 3-3

101) The introduction of new technologies is beneficial to all industries, as new markets and opportunities are created.

Answer: FALSE

Diff: 2 Page Ref: 82

Skill: Application

AACSB: Analytic Skills

Objective: 3-3

102) Cause-related marketing is a slowing trend as companies have abused the practice, using it more to increase sales than to support worthwhile causes.

Answer: FALSE

Diff: 2 Page Ref: 88

Skill: Concept

AACSB: Ethical Reasoning

Objective: 3-4

103) In the cultural environment, core values and beliefs and secondary values and beliefs differ in that core values and beliefs are more open to change.

Answer: FALSE

Diff: 1 Page Ref: 88

Skill: Concept

Objective: 3-4

104) When a company hires lobbyists to influence legislation affecting its industry, it is taking a reactive approach to the marketing environment.

Answer: FALSE

Diff: 2 Page Ref: 92

Skill: Concept

Objective: 3-5

105) A company that experiences negative word of mouth on blogs or social networking sites should ignore rumors, as answering any complaints will only make them seem more legitimate.

Answer: FALSE

Diff: 2 Page Ref: 92

Skill: Concept

AACSB: Communication

Objective: 3-5

106) Who are the major players in a company's microenvironment? What roles do they play?

Answer: Within the company, marketing management takes other groups into account, such as top management, finance, research and development, purchasing, operations, and accounting.

Suppliers form an important link in the company's overall customer value-delivery system.

Marketing intermediaries help the firm to promote, sell, and distribute its goods to final buyers.

They include resellers, physical distribution firms, marketing services agencies, and financial intermediaries.

One or several of the five types of markets—consumer, business, reseller, government, and international—may be part of the company's microenvironment, depending on the company's products.

Competitors are also part of the microenvironment, as they can affect the company's ability to serve its customers.

The last segment of the company's microenvironment is made of various publics, including financial, media, government, citizen-action, and local groups.

Diff: 2 Page Ref: 67-70

Skill: Application

AACSB: Analytic Skills

Objective: 3-1

107) In a short essay, differentiate between the basic marketing intermediaries.

Answer: These groups help the company to promote, sell, and distribute its goods and services to final buyers. Resellers are distribution channel firms that help the company find customers or make sales to them. Physical distribution firms help the company to stock and move goods from their points of origin to their destinations. Marketing service agencies are the marketing research firms, advertising agencies, media firms, and marketing consulting firms that help the company target and promote its products to the right markets. Financial intermediaries include banks, credit companies, insurance companies, and other businesses that help finance transactions or insure against the risks associated with the buying and selling of goods.

Diff: 3 Page Ref: 68

Skill: Application

AACSB: Analytic Skills

Objective: 3-1

108) In marketing, what is a public? Briefly describe the seven main types of publics faced by marketers and explain how marketing might communicate with these publics.

Answer: A public is any group that has an actual or potential interest in or impact on an organization's ability to achieve its objectives. We can identify seven types of publics. Financial publics influence the company's ability to obtain funds. Media publics carry news, features, and editorial opinions. Government publics develop public policy to guide commerce with sets of laws and regulations. Citizen-action publics include consumer, minority, and environmental groups. Local publics include neighborhood residents and community organizations. The general public has concerns about the company's products and actions. Internal publics include workers, managers, volunteers, and the board of directors. Marketing can treat these influential publics like consumer markets, creating marketing plans to build relationships and elicit a desired response.

Diff: 2 Page Ref: 69-70

Skill: Application

AACSB: Communication

Objective: 3-1

109) How can marketers use information about the demographic environment?

Answer: Marketers can learn much about human populations in terms of size, density, age, location, gender, race, occupation, and other statistics. The baby boomer market of 78 million people holds 75% of the country's financial assets. Generation Xers and Millennials have different needs and wants and have money to satisfy them. Marketers can learn the differences in the generations and in the changing American family. The mobility and geographic shifts open new marketing opportunities for many companies. A better-educated and more white-collar population in the United States means a shift in emphasis on many goods and services. As diversity increases, marketers can learn about the characteristics of different segments of the population and design products and marketing programs designed for each segment.

Diff: 1 Page Ref: 71-78

Skill: Application

AACSB: Analytic Skills

Objective: 3-2

110) Explain the impact of the baby boomers, Generation X, and Millennials on today's marketing strategies.

Answer: The baby boomers earn more than half of all personal income. They are attracted to high-priced cars, health and fitness, and other luxuries. Generation Xers carry a more cautious outlook and are less materialistic than baby boomers. Millennials are children of the baby boomers. They are highly computer literate and are more responsive to two-way brand conversations than to traditional marketing approaches. The demands of these population groups set marketing trends.

Diff: 2 Page Ref: 71-74

Skill: Application

AACSB: Analytic Skills

Objective: 3-2

111) What are the major trends in today's natural environment? How do these trends affect companies?

Answer: The natural environment shows three major trends: shortages of certain raw materials, higher pollution levels, and more government intervention in natural resource management. Environmental concerns create marketing opportunities for alert companies. As concern about global warming and other environmental issues continues to grow, more and more consumers are demanding environmentally responsible products. Companies who heed these demands will benefit, as environmentally responsible actions are today linked with good business.

Diff: 2 Page Ref: 80-81

Skill: Application

AACSB: Analytic Skills

Objective: 3-3

112) Why is the technological environment such a dramatic force in today's market?

Answer: The technological environment changes rapidly, as evidenced by all of the technologies that are widespread today—such as cell phones, laptops, digital cameras, etc.—that did not exist thirty years ago. Each new technology creates a new market, and at the same time replaces an older technology. Because of this, marketers must keep a careful watch on the technological environment so that they can adjust to new technologies and take advantage of new opportunities.

Diff: 1 Page Ref: 81-82

Skill: Application

AACSB: Use of IT

Objective: 3-3

113) Describe the three main reasons that business legislation is enacted.

Answer: Business legislation is enacted to protect companies from each other, to protect consumers from unfair business practices, and to protect the interests of society against unrestrained business behavior. Several laws in the United States are designed to prevent unfair competitive practices between businesses; these laws are enforced by the Federal Trade Commission. Laws to protect consumers are designed to prevent deceptive advertising, packaging, and pricing, among other harmful practices. Finally, regulations to protect the interests of society require companies to take responsibility for the social costs of their products and/or production practices.

Diff: 2 Page Ref: 83

Skill: Application

AACSB: Ethical Reasoning

Objective: 3-4

114) What is cause-related marketing? Give two examples of the practice and explain why companies participate in cause-related marketing.

Answer: Companies link themselves to a worthwhile cause by connecting a purchase of the company's product or service with fund-raising for a cause or charitable organization. This has become a primary form of corporate donations, as the company can gain a more positive public image while exercising their social responsibility. Cause-related marketing benefits the chosen charitable organization or cause and may increase sales for the company, a win-win situation. Examples of cause-related marketing include Ethos water from Starbucks, which is linked to bringing clean water to children around the world; Easy Buttons at Staples, which are connected to donations to the Boys and Girls Club; and Home Depot's sponsorship of KaBoom, a nonprofit organization with the goal of creating accessible playgrounds for all children in America.

Diff: 2 Page Ref: 85-88

Skill: Application

AACSB: Ethical Reasoning

Objective: 3-4

115) What is the cultural trend in how people view nature? How does this affect marketers?

Answer: Recently people have moved away from the view of mastering nature through technology and begun to think of nature as finite and susceptible to destruction by human activities. Many Americans already consider themselves to be converts to the ideas of sustainable living, with an even greater number anticipating becoming "extremely green" in the next five years. The renewed love of nature has created a new market, called "lifestyles of health and sustainability" (LOHAS), of consumers who seek organic and natural products, fuel-efficient cars, and alternative medicines. Niche marketers, such as Whole Foods, serve the new LOHAS market with organic offerings.

Diff: 3 Page Ref: 90-91

Skill: Application

AACSB: Analytic Skills

Objective: 3-4

116) LandPort Transportation and Omega Warehousing move and store the products your company sells. The two businesses are examples of _____.

- A) resellers
- B) marketing services agencies
- C) marketing intermediaries
- D) physical distribution firms
- E) geographic segments

Answer: D

Diff: 1 Page Ref: 68

Skill: Application

AACSB: Reflective Thinking

Objective: 3-1

117) Currently, Diego Calabresa is employed by a firm that conducts marketing research and creates ads for other companies that help them target and promote their products to the right markets. Who is Diego's employer?

- A) a financial intermediary
- B) a physical distribution firm
- C) a marketing service agency
- D) a reseller
- E) a green marketer

Answer: C

Diff: 1 Page Ref: 68

Skill: Application

AACSB: Reflective Thinking

Objective: 3-1

118) ING, an international insurance and financial services company, is the primary sponsor of the annual New York City Marathon, which is attended by over one million fans and watched by approximately 300 million viewers worldwide. The ING logo and name appear throughout the race course. ING most likely sponsors the event in order to appeal to which type of public?

- A) financial
- B) local
- C) government
- D) general
- E) internal

Answer: D

Diff: 1 Page Ref: 70

Skill: Application

AACSB: Reflective Thinking

Objective: 3-1

119) If baby boomers are predictors of where product and service demand will be, increased demands will most likely be evident in _____ in the coming years.

- A) university enrollment
- B) beer and wine
- C) financial services
- D) the apparel industry
- E) the organic food industry

Answer: C

Diff: 2 Page Ref: 72

Skill: Application

AACSB: Analytic Skills

Objective: 3-2

120) Noora DeLange is helping her company develop a marketing program for a new product line. The program involves emphasizing experience over acquisition and uses a marketing pitch that is less overt than the company's previous programs. The marketing program is most likely designed to appeal to which of the following demographic groups?

- A) Gen Xers
- B) nontraditional households
- C) "micropolitan" populations
- D) Millennials
- E) manufacturing workers

Answer: A

Diff: 3 Page Ref: 72

Skill: Application

AACSB: Reflective Thinking

Objective: 3-2

121) Which of the following best explains why Gen Xers who are parents tend to put family before career?

- A) Gen Xers were the first generation of latchkey kids.
- B) Gen Xers were minimally affected by the recent economic downturn.
- C) Gen Xers are more skeptical about marketing than members of other generations are.
- D) Gen Xers are not as educated as members of other generations are.
- E) Gen Xers do not face as many economic pressures as members of other generations do.

Answer: A

Diff: 2 Page Ref: 72

Skill: Application

AACSB: Analytic Skills

Objective: 3-2

122) Wholesome Soups, a maker of organic soups, is starting a new marketing campaign emphasizing the ease of preparing and eating Wholesome Soups on the go. Print, television, and Internet ads feature college-aged students enjoying Wholesome Soups in between classes and during study breaks. Wholesome Soups' new marketing campaign is most likely aimed at which of the following?

- A) baby boomers
- B) seniors
- C) Gen Xers
- D) Millennials
- E) the SOHO market

Answer: D

Diff: 1 Page Ref: 73

Skill: Application

AACSB: Reflective Thinking

Objective: 3-2

123) In considering the changing American family, which of the following are marketers likely to consider the LEAST important?

- A) The number of traditional households has increased.
- B) Baby boomers are hitting retirement age.
- C) Almost one-third of American households are not traditional families.
- D) Married couples with children make up less than 25% of the nation's households.
- E) The number of stay-at-home fathers has increased in the past 20 years.

Answer: A

Diff: 3 Page Ref: 74

Skill: Application

AACSB: Analytic Skills

Objective: 3-2

124) Which of the following demographic trends is likely the most responsible for the increasing number of people who telecommute?

- A) the migration toward micropolitan and suburban areas
- B) the move from rural to metropolitan areas
- C) the increasing number of nontraditional households
- D) the growing percentage of married couples who do not have children
- E) the declining number of manufacturing workers

Answer: A

Diff: 2 Page Ref: 75

Skill: Application

AACSB: Communication

Objective: 3-2

125) Chet Hoffman's chain of travel agencies has identified the lesbian, gay, bisexual, and transgender community as a growing market that spends an increasing percentage of its income on travel. Which of the following would be the least effective component of a marketing plan for Chet to take advantage of this opportunity?

- A) develop a presence on LGBT-oriented social networking sites
- B) position his agency as focused on specialized experiences
- C) implement a mass marketing campaign
- D) place specially-targeted ads in gay-themed publications
- E) advertise on LOGO

Answer: C

Diff: 3 Page Ref: 77

Skill: Application

AACSB: Analytic Skills

Objective: 3-2

126) With an expected increase in ethnic diversity, marketers are likely to place a greater emphasis on _____.

- A) geographic segmentation
- B) differing advertising messages
- C) mass marketing
- D) "us and them" paradigms
- E) tiered markets

Answer: B

Diff: 2 Page Ref: 78

Skill: Application

AACSB: Analytic Skills

Objective: 3-2

127) Jack Weiss recently won a \$10 million lottery. Jack's life will change a great deal, particularly how he spends money. According to Engel's laws, Jack is LEAST likely to change the percentage of his income that he spends on which of the following?

- A) food
- B) entertainment
- C) housing
- D) utilities
- E) savings

Answer: C

Diff: 2 Page Ref: 79-80

Skill: Application

AACSB: Reflective Thinking

Objective: 3-2

128) A marketer of pesticides should be the least concerned about which of the following?

- A) shortages of raw materials
- B) increased pollution
- C) increased government intervention
- D) persistence of cultural values
- E) chemical pollutants in the food supply

Answer: D

Diff: 2 Page Ref: 80

Skill: Application

AACSB: Analytic Skills

Objective: 3-3

129) The green movement will likely spark the least interest in which of the following?

- A) recycling programs
- B) environmentally sustainable strategies
- C) social responsibility
- D) Internet usage
- E) biodegradability

Answer: D

Diff: 1 Page Ref: 80

Skill: Application

AACSB: Analytic Skills

Objective: 3-3

130) Norma Bernanke is a marketer at a pharmaceutical company that has just developed a new medication to treat asthma. Which of the following components of the political environment should Norma be least concerned with as her company begins to develop a marketing plan for the new product?

- A) approval from the Food and Drug Administration (FDA)
- B) state laws regulating advertising of pharmaceuticals
- C) laws enforced by the Federal Trade Commission
- D) the Fair Packaging and Labeling Act
- E) the Nutrition Labeling and Education Act

Answer: E

Diff: 3 Page Ref: 83-84

Skill: Application

AACSB: Analytic Skills

Objective: 3-4

131) Which of the following is an example of a core belief?

- A) Marriage is important.
- B) Americans should display their patriotism.
- C) The comforts of home are more important than entertainment outside of the home.
- D) Extended warranties are never worth the money consumers pay for them.
- E) Professionals should wear business clothes to work.

Answer: A

Diff: 2 Page Ref: 88

Skill: Application

AACSB: Reflective Thinking

Objective: 3-4

132) Consumers undertaking which of the following would be most likely to be identified as "cocooning" or "nesting"?

- A) taking a cruise
- B) taking up a new sport
- C) having a home entertainment center installed
- D) hiking the Grand Canyon
- E) traveling to Asia

Answer: C

Diff: 2 Page Ref: 89

Skill: Application

AACSB: Reflective Thinking

Objective: 3-4

133) Increased marketing of home amenities such as high-end barbeques, hot tubs, and home entertainment centers has most likely been spurred by Americans' changing views of _____.

- A) social responsibility
- B) others
- C) marketing
- D) organizations
- E) nature

Answer: B

Diff: 2 Page Ref: 89

Skill: Application

AACSB: Reflective Thinking

Objective: 3-4

134) Assume that you are a manager at a firm that has hired lobbyists to influence legislation affecting your firm's industry to its advantage. Your firm takes a(n) _____ approach to the marketing environment.

- A) reactive
- B) proactive
- C) adversarial
- D) passive
- E) team work

Answer: B

Diff: 1 Page Ref: 92

Skill: Application

AACSB: Reflective Thinking

Objective: 3-5

135) Which of the following forces would marketers be most likely able to influence?

- A) geographic population shifts
- B) core cultural values
- C) income distribution
- D) increasing ethnic diversity
- E) media publics

Answer: E

Diff: 3 Page Ref: 92

Skill: Application

AACSB: Analytic Skills

Objective: 3-5

136) How have large retailers such as Wal-Mart changed the dynamics behind partnering with resellers?

Answer: More and more large retailers have tremendous bargaining power with suppliers; the "giants" often set their own terms and can shut the manufacturer out of large markets.

Diff: 2 Page Ref: 68

Skill: Application

AACSB: Analytic Skills

Objective: 3-1

137) How have China's regulations over the past generation limiting family size to one child per couple affected businesses?

Answer: One result of the one-child policy is a growing market for higher-end children's products and educational materials aimed at children, as six adults (four grandparents and two parents) purchase goods and services for each child. As these indulged children have become adults, they have created markets for financial services, restaurants, and luxury goods.

Diff: 2 Page Ref: 71

Skill: Application

AACSB: Analytic Skills

Objective: 3-2

138) How do baby boomers today differ from previous generations as they neared and reached their sixties?

Answer: Baby boomers are more likely to retire later and to work more after retiring; instead of seeing themselves as getting older, the baby boomers see this as another new phase of life with opportunities for reinvention.

Diff: 2 Page Ref: 72

Skill: Application

AACSB: Analytic Skills

Objective: 3-2

139) What are some components of a successful marketing program aimed at Millennials?

Answer: To attract Millennials, marketers may want products to allow for self-expression and personalization; marketers should focus on creating buzz through events and a presence on popular social networking sites rather than creating traditional marketing plans.

Diff: 2 Page Ref: 73-74

Skill: Application

AACSB: Analytic Skills

Objective: 3-2

140) What are two potential drawbacks of creating separate products and marketing programs for each generation?

Answer: A brand's image could be damaged if members of one generation respond negatively to a marketing campaign designed to appeal to members of another generation. Each generation spans decades of time, so members of one generation are actually at diverse life stages.

Diff: 2 Page Ref: 74

Skill: Application

AACSB: Analytic Skills

Objective: 3-2

141) Why might marketers want to target segments of the population based on lifestyles rather than age groups?

Answer: Too much might be assumed about people in the same age group, and grouping people by lifestyle may eliminate some of the inaccurate assumptions made regarding age.

Diff: 3 Page Ref: 74

Skill: Application

AACSB: Analytic Skills

Objective: 3-2

142) Give two characteristics of the American family that depict its "nontraditional" nature.

Answer: More adults of one or both sexes live together without being married; working women are making up a larger portion of the workforce; both husband and wife work in the majority of married-couple families; the percentage of married couples with children is falling; and the percentage of stay-at-home dads is rising.

Diff: 1 Page Ref: 74

Skill: Application

AACSB: Multicultural and Diversity

Objective: 3-2

143) Why has a growing portion of the American population shifted to "micropolitan areas"?
Answer: These smaller cities provide the advantages of a metro area (jobs, entertainment, community, etc.) without the drawbacks of overpopulation, traffic, or high property taxes often associated with metro areas.

Diff: 3 Page Ref: 75

Skill: Application

AACSB: Analytic Skills

Objective: 3-2

144) How might geographic shifts in population impact marketers?

Answer: People in different regions buy differently. If tastes and preferences are taken with consumers as they disperse geographically at increasing rates, predicting specific consumption patterns in certain geographic areas may become difficult over time.

Diff: 2 Page Ref: 75

Skill: Application

AACSB: Analytic Skills

Objective: 3-2

145) In terms of ethnic and racial makeup, why is the United States today more accurately characterized as a "salad bowl" than a "melting pot"?

Answer: Individuals hailing from virtually every country in the world live in the United States; people from these diverse groups mix together, but retain many important ethnic and cultural differences. The melting pot metaphor is inaccurate because people from diverse cultures and ethnic groups have not "melted" into one homogeneous culture.

Diff: 2 Page Ref: 76

AACSB: Multicultural and Diversity

Objective: 3-2

146) Why have companies such as IBM and Levis targeted the lesbian, gay, bisexual and transgender community with specifically tailored marketing efforts?

Answer: The LGBT community has the potential to be a very profitable market for these companies and others; for example, the gay and lesbian market has the substantial buying power of \$690 billion.

Diff: 2 Page Ref: 77

Skill: Application

AACSB: Multicultural and Diversity

Objective: 3-2

147) Briefly explain why Americans amassed record amounts of debt in the 1990s and why the free-spending trend has ended.

Answer: Americans purchased beyond their means because of high expectations for future economic growth based on a boom in the stock market and rapid increases in home values; those expectations were dashed by the recent economic recession.

Diff: 2 Page Ref: 79

Skill: Application

AACSB: Analytic Skills

Objective: 3-2

148) Briefly explain the following statement: "The distribution of income has created a tiered market."

Answer: Many companies focus on targeting the affluent, while others target consumers with more modest means; another tiered strategy is tailoring marketing offers across a range of income groups.

Diff: 2 Page Ref: 79

Skill: Application

AACSB: Analytic Skills

Objective: 3-2

149) Why might it be beneficial for marketers to help develop solutions to problems facing the natural environment, such as increased pollution and shortages of raw material?

Answer: Marketers who help to develop solutions to these problems can gain the advantage of helping to shape policy that is beneficial to them, as increasingly strict environmental regulations can be expected in the United States and elsewhere. Environmentally responsible actions will help a company's public image; they will also help to create a more sustainable market.

Diff: 3 Page Ref: 80-81

AACSB: Ethical Reasoning

Objective: 3-3

150) What is meant by the "green movement"?

Answer: The green movement includes companies' efforts beyond government regulation in developing environmentally sustainable strategies, including recycling, biodegradability, pollution control, and energy efficiency.

Diff: 2 Page Ref: 80

AACSB: Ethical Reasoning

Objective: 3-3

151) One purpose of government regulation is to protect consumers from unfair business practices. List two areas in which this may occur.

Answer: Some firms, if left to their own devices, may produce shoddy products, mislead consumers in their advertising, or deceive consumers through packaging and pricing in order to increase profits.

Diff: 2 Page Ref: 83

Skill: Application

AACSB: Ethical Reasoning

Objective: 3-4

152) How might a marketer act in a socially responsible way toward the general public?

Answer: Marketers may work to make products safer, interact responsibly with the natural environment, and support social organizations through cause-related marketing.

Diff: 2 Page Ref: 85

Skill: Application

AACSB: Ethical Reasoning

Objective: 3-4

153) Explain the controversy surrounding cause-related marketing.

Answer: Companies using cause-related marketing may be perceived as trying to merely increase sales or improve their images if their connection to the cause is not accurately explained or understood or if they appear to be exploiting a cause in order to increase sales.

Diff: 2 Page Ref: 88

Skill: Application

AACSB: Analytic Skills

Objective: 3-4

154) What is the difference between a core belief and a secondary belief?

Answer: A core belief is a stronger, overall belief; an example might be a strong work ethic. A secondary belief is more open to change; an example might be one's idea that a strong work ethic can be maintained even while working only part-time.

Diff: 2 Page Ref: 88

Skill: Application

AACSB: Analytic Skills

Objective: 3-4

155) Why is it important for marketers to understand people's views of themselves?

Answer: People select and use products and services as a means of self-expression; knowledge of these self-views will help marketers position their products to be most attractive to target markets.

Diff: 2 Page Ref: 89

Skill: Application

AACSB: Analytic Skills

Objective: 3-4

156) What steps might a marketer take to shift from a reactive stance to the marketing environment to a more proactive stance?

Answer: To take a proactive stance, marketers need to take action to affect the different actors and forces in their marketing environment. These steps might include running advertorials or other campaigns to influence public opinion and hiring lobbyists to influence legislation.

Diff: 3 Page Ref: 92

Skill: Application

AACSB: Analytic Skills

Objective: 3-5

Scenario

Casey Brickly opened The Landing on the north shore of Witmer Lake in 1962. With a sandwich counter on one side and a bait shop and grocery on the other, The Landing was an immediate hit with weekend lake visitors and local residents alike. In the summer, boaters parked at the piers and bought all their lake needs—rods and reels, bait, fishing licenses, snacks, soft drinks—at The Landing. Even during the winter months, snowmobilers and ice fishermen were lured to The Landing for a snack and hot coffee or hot chocolate.

As time passed, the business changed and grew tremendously. What was formerly a weekend tourist area gradually became a year-round residential area. Many of the houses, which were built as cottages in the 1950s and 1960s, were being remodeled into year-round homes. By the end of the 1970s, the days of small motor boats and 10 mile-per-hour speed limits were gone; skiing and fast speed boats became all the rage. And The Landing continued to attract flocks of patrons.

In the 1980s, however, Casey started to realize that the grocery area in The Landing could not compete with larger local retailers. He eventually enlarged the sandwich counter, transforming the bait shop and grocery into a restaurant with a full menu typical of any diner.

"Getting rid of the bait shop was hard to do," Casey admitted. "I still had a summer crowd that relied on us for their fishing needs, but we couldn't survive a whole year on four months of profit."

As the 1990s approached, the atmosphere of Witmer Lake and the neighboring lakes became more upscale. "I could see that people were spending more on their speed boats than what they had originally paid for their cottages!" Casey exclaimed. Many of the cottages were being inherited by children and grandchildren of the original owners. Once again, the scene started to change as many of the lake houses were used only as weekend lake homes. Unlike the previous generation, a vast number of the current owners could afford to live closer to their jobs while maintaining lake homes. "At this point, business wasn't growing," Casey said.

As local competition continued to increase, Casey converted the diner atmosphere of The Landing into a bar with a lounge area. "The change might have been too drastic," Casey said, "but it was the only way we could maintain a strong, year-round business in spite of the population shifts and competitive forces."

157) What microeconomic forces have impacted The Landing the most?

Answer: Competitors' actions—first harming business in the bait shop and grocery, then in the restaurant—impacted business.

Diff: 2 Page Ref: 69

Skill: Application

AACSB: Analytic Skills

Objective: 3-1

158) What macroeconomic forces have impacted The Landing the most in the long run?

Answer: Elements from the demographic and economic environments affected The Landing the most in the long run. In particular, geographic shifts in customer population greatly impacted business, as area residents shifted from being weekenders to year-round residents to weekenders again.

Diff: 2 Page Ref: 70

Skill: Application

AACSB: Analytic Skills

Objective: 3-2

159) Which macroeconomic force may be most responsible for The Landing's 43-year survival?

Answer: The natural environment—namely, Witmer Lake—has been most responsible for attracting consumers to the area. It is the one macro force that has remained constant.

Diff: 2 Page Ref: 80

Skill: Application

AACSB: Analytic Skills

Objective: 3-1

160) What political forces, if any, are evident in this scenario?

Answer: Legislation that allowed skiing and speed boats on Witmer Lake changed the way that people were attracted to the area after the late 1970s.

Diff: 2 Page Ref: 83

Skill: Application

AACSB: Reflective Thinking

Objective: 3-4

161) How has the baby boom population affected business at The Landing in the past four decades?

Answer: As the baby boomers aged, they likely began to inherit their parents' lake cottages, which had been used as year-round homes. As the baby boomers have grown wealthier, they have been able to maintain their lake homes as cottages. It has been these shifts that have affected Casey's business.

Diff: 3 Page Ref: 71-72

Skill: Application

AACSB: Analytic Skills

Objective: 3-2

162) What demographic forces have likely influenced the recent upscale atmosphere of the area surrounding Witmer Lake?

Answer: Not only are the baby boomers wealthier, which has likely influenced trends in the lake area, but the population as a whole is also better educated, leading people to demand more from the market.

Diff: 2 Page Ref: 71-78

Skill: Application

AACSB: Reflective Thinking

Objective: 3-2

163) Some of the older patrons of The Landing have spoken negatively about the conversion of the diner into a bar. What are two examples of social responsibility that Casey could embrace in an effort to offset that negativity?

Answer: Casey could use a marketing program that supports responsible drinking, participate in cause-related marketing, or donate directly to community organizations.

Diff: 2 Page Ref: 85

Skill: Application

AACSB: Analytic Skills

Objective: 3-4

164) What possible shifts in cultural values may once again affect Casey's mission at The Landing?

Answer: Casey will likely continue to track preferences of the baby boomers because this population group has been the primary driver of his business. As more baby boomers retire and age and choose to spend more time with grandchildren, life at the lake may again become a focal point in the baby boomers' lives. Casey may also see his business change as the trends of spending more time at home and valuing the natural environment grow.

Diff: 3 Page Ref: 88-89

Skill: Application

AACSB: Analytic Skills

Objective: 3-4

165) What might allow Casey Brickly to now take a more proactive stance in responding to the marketing environment?

Answer: Casey has owned The Landing for more than four decades; therefore, he may have a more innate sense of how to deal with his market. In addition, he understands who his primary customers have been; therefore, he could be able to better predict their preferences. As a long-time community member, it is also likely that Casey has relationships with members of the local government, ties that he can use to help influence local legislation affecting his business.

Diff: 2 Page Ref: 92

Skill: Application

AACSB: Analytic Skills

Objective: 3-4