ch3

Student: _____

1. The marketing manager can control the variables in the marketing environment.

   True False

2. Company objectives should shape the direction and operation of the whole business.

   True False

3. Earning a profit probably should be one of the objectives of a firm, but it should not be the only one.

   True False

4. A mission statement sets out the organization's basic purpose for being.

   True False

5. A mission statement can help a manager decide which opportunities to pursue and which to screen out.

   True False

6. A mission statement sets out the strengths and weaknesses of a firm as well as the opportunities and threats that it faces.

   True False

7. A mission statement substitutes for more specific objectives.

   True False

8. Good marketing objectives should be ambitious and almost impossible to achieve.

   True False

9. The objectives of a firm should direct the operation of the marketing department, but aren't important to the rest of the business.

   True False

10. If the cost of production per unit goes down as the quantity produced increases, small producers can be at a great cost disadvantage.

    True False

11. As compared to larger competitors, smaller firms benefit from lower unit costs which they achieve with lower sales volumes.

    True False

12. Smaller producers always have a great advantage in competing with larger producers because of their flexibility.

    True False

13. Ownership of patents, a familiar brand name, and financial strength are some of the many resources of a firm that a manager should evaluate when searching for new opportunities.

    True False

14. Good relations with intermediaries, good locations, and good salespeople are some of the many resources of a firm that should be evaluated when searching for new opportunities.

    True False

15. The competitive environment affects the number and types of competitors the marketing manager must face and how they may behave.

    True False

16. When the competitive environment moves toward pure competition, producers offer very different products that consumers do not perceive as substitutes for each other.

    True False

17. Over the long run, most product-markets tend toward monopolistic competition.

    True False

18. In market-directed economies, unregulated monopolies are rare.

    True False

19. In monopolistic competition, one firm completely controls a broad product-market.

    True False

20. In monopolistic competition, managers sometimes try to differentiate very similar products by relying on promotion or other elements of the marketing mix.

    True False

21. Competitor analysis is an organized approach for evaluating the strengths and weaknesses of current or potential competitors' marketing strategies.

    True False

22. The major shortcoming of competitor analysis is that it focuses on the weaknesses of competitors--but ignores their strengths.

    True False

23. The first step in a competitor analysis is to identify potential competitors.

    True False

24. Competitive barriers are conditions that make it difficult for a firm to compete in a market.

True False

25. The Internet is a powerful way to get information about competitors.

True False

26. The Internet is an important aspect of the technological environment, but it isn't very useful for getting information about competitors.

True False

27. Many people think that it is unethical to spy on competitors to obtain their trade secrets, but it is perfectly legal.

True False

28. Spying on competitors to obtain trade secrets raises moral issues but is not illegal.

True False

29. The technological environment includes such things as national income, economic growth, and inflation.

True False

30. Technical skills and equipment affect how an economy's resources are converted to output.

True False

31. Interest rates usually decrease during periods of inflation.

True False

32. Compared to some countries in Latin America, the rate of inflation in the U.S. is low.

True False

33. Technology is the application of science to convert an economy's resources to output.

True False

34. Technology affects marketing through new products and new processes.

True False

35. Technological advances like the World Wide Web and the Internet are leading to big advances in business.

True False

36. Changes in technology can have major impacts on marketing strategy planning.

True False

37. Technology provides new opportunities and new challenges for marketers.

True False

38. Placing the interests of individual consumers before the interests of business is nationalism.

True False

39. Nationalism--or the emphasis on a country's interests before anything else--may affect the work of some marketing managers.

True False

40. Regional groupings of nations outside the United States have little effect on the decisions of marketing managers whose firms are headquartered in the U.S.

True False

41. Strong sentiments of nationalism facilitate growth in importing and exporting.

True False

42. Marketers no longer encounter differences among European countries.

True False

43. The elimination of separate barriers to inter-European trade is making Europe a large unified market.

True False

44. The American economic and legal systems protect small firms from competition so they can grow and become larger.

True False

45. A basic idea in the legal environment in the United States is that attempts by business to limit competition are considered contrary to the public interest.

True False

46. A manager could be fined for violating the antimonopoly laws, but he or she could not be sent to jail.

True False

47. The Sherman Act deals with tying contracts, exclusive dealing contracts, and price discrimination by manufacturers.

True False

48. The Magnuson-Moss Act regulates product warranties.

True False

49. The Clayton Act focuses on practices which may substantially lessen competition--such as tying contracts, exclusive dealing contracts and price discrimination by manufacturers.

True False

50. Before the Pure Food and Drug Act was passed, it was assumed that the common law and the warning "let the buyer beware" would take care of consumers.

True False

51. The Consumer Product Safety Act provides for the creation of safety standards but has no power to set penalties for failure to meet these standards.

True False

52. In the United States, the Consumer Product Safety Commission sets and enforces product safety standards.

True False

53. Because the Consumer Product Safety Commission has no power to force a product off the market, safety is not a very important consideration in product design.

True False

54. Marketers should be aware of federal legislation, as well as state and local laws, when planning marketing strategy.

True False

55. The old rule about buyer-seller relations of "let the buyer beware" seems to be changing to "let the seller beware."

True False

56. The cultural and social environment affects how and why people live and behave as they do.

True False

57. The cultural and social environment refers to where people live and their income.

True False

58. Women's changing role has created opportunities for marketing but also complications.

True False

59. The U.S. does not have the largest population of any country in the world, but it does have the largest population growth rate.

True False

60. The U.S. population is over 300 million people and the world population is over 6 billion people.

True False

61. There are over 309 million people living in the United States.

True False

62. India has more people than the United States, and China has more people than India.

True False

63. Less-developed countries usually experience the slowest population growth.

True False

64. In the United Kingdom, Kuwait, Australia, Israel, and Singapore, for example, less than 16 percent of people live in urban areas.

True False

65. The worldwide trend toward urbanization has prompted increased interest in international markets.

True False

66. When considering international markets, income is often one of the most important demographic dimensions.

True False

67. When considering international markets, income is usually not an important demographic dimension.

True False

68. Both GDP and GNI are widely used measures of national income.

True False

69. Gross domestic product is the total dollar value of a country's exports during a one year period.

True False

70. Gross domestic product includes foreign income earned in a country.

True False

71. GNI is the total market value of all goods and services provided in a country's economy in a year by both residents and nonresidents of that country

True False

72. GDP income measures can give the impression that people in less-developed nations have more income than they really do.

True False

73. GNI income measures can give the impression that people in less-developed nations have less income than they really do.

True False

74. Even though the more developed industrial nations don't have the largest populations, they do have the biggest share of the world's GDP.

True False

75. Countries where gross national income (GNI) per capita is low do not offer any opportunities for marketers.

True False

76. Much of the world's population lives in extreme poverty.

True False

77. Because almost all of the world's population can read and write, international marketers have no problems in communicating with potential customers no matter where they live.

True False

78. California is the state with the largest population, and Texas is a distant second.

True False

79. New York is the state with the largest population, and California is a distant second.

True False

80. Population figures for a single year don't show the dynamic aspects of markets.

True False

81. In the United States, the West and the South are growing faster than the Northeast and the North Central areas.

True False

82. Areas with small populations may still be attractive target markets for some firms--because there may be less competition.

True False

83. The rate of growth of the U.S.'s population is lower than the rate of growth of some other countries' population.

True False

84. A Metropolitan Statistical Area is an integrated economic and social unit with a large population at the center.

True False

85. The Metropolitan Statistical Area is an integrated economic and social unit with a large population nucleus.

True False

86. A Metropolitan Statistical Area usually has a population of at least 50,000 people.

True False

87. A Metropolitan Statistical Area (MSA) usually has less than 50,000 inhabitants.

True False

88. MSAs with a population of less than 50,000 are called Consolidated Metropolitan Statistical Areas.

True False

89. Competition for consumer dollars is usually greater inside an MSA than outside an MSA.

True False

90. In 1980, the median age of the U.S. population was 37.

True False

91. The median age in the United States is projected to increase from 30 in 1980 to 37 in 2010.

True False

92. The average age of the U.S. population will continue to rise for many years because of the post-World War II "baby boom."

True False

93. The post-World War II "baby boom" produced about 25 percent of the present U.S. population.

True False

94. Most changes in the cultural and social environment come slowly.

True False

95. Changes in the cultural and social environment tend to come about quickly.

True False

96. When evaluating opportunities, quantitative screening criteria help a manager decide what kind of opportunities to pursue.

True False

97. Screening criteria should be in quantitative form--based on factors such as profit and expected sales--so that they are objective and not subject to qualitative judgments and interpretations by different managers.

True False

98. In the total profit approach, management forecasts potential sales and costs during the life of the plan to estimate likely profitability.

True False

99. Opportunities which fall into the red boxes in the General Electric "strategic planning grid" are growth opportunities.

True False

100. Using the General Electric strategic planning grid, an opportunity rated "medium" in terms of both industry attractiveness and business strengths is an opportunity that the firm should always avoid.

True False

101. The General Electric "strategic planning grid" relies on subjective judgments about business strengths and industry attractiveness.

True False

102. GE's strategic planning grid considers two dimensions -- industry attractiveness and market growth -- to identify opportunities that may be growth, borderline, or no growth.

True False

103. A strategic business unit (SBU) within a larger firm is usually treated as a separate profit center.

True False

104. The "continuum of environmental sensitivity" suggests that industrial products are more sensitive to the cultural environments in which they are placed than high-style consumer products.

True False

105. Marketing managers should remember that there are many variables in the _____ that affect strategy planning.

A. economic and technological environment.
B. competitive environment.
C. cultural and social environment.
D. political and legal environment.
E. All of the above.

106. In the short run, a marketing manager usually cannot control:

A. the competitive environment.
B. the cultural environment.
C. the legal environment.
D. the economic environment.
E. Any of the above.

107. The direct market environment

A. includes customers, the company, and competitors.
B. consists of variables that can be controlled.
C. is broader in scope than the external environment.
D. includes economic and technological environments.
E. is made up of the political, legal, and social environments.

108. According to the text, which of the following is NOT a basic guideline for setting a firm's objectives?

A. Engaging in specific activities that will perform an economically useful function.
B. Identifying its current and prospective competitors.
C. Earning enough profit to survive.
D. Developing an organization to carry on the business and implement its strategies.
E. Ensuring that the firm's activities are socially useful.

109. The basic objective of a firm should be to:

A. engage in some specific business activity that will perform a socially and economically useful function.
B. develop an organization to carry on the business and implement its strategies.
C. earn enough profit to survive.
D. All of the above.
E. Only B and C above.

110. Which of the following objectives of a business is the most important?

A. To engage in some specific business activity which will perform a socially and economically useful function.
B. To develop an organization to carry on the business and implement its strategies.
C. To earn enough profit to survive.
D. All three of the above are equally important, because a failure in any one could lead to a total failure of the business.
E. Both B and C are more important than A.

111. When setting objectives for the whole firm, TOP MANAGEMENT should:

A. involve the marketing manager in the objective setting process.
B. set objectives that focus on the highest possible immediate profit potential.
C. stick to general objectives--in order to maintain flexibility.
D. set objectives beyond what can actually be achieved--so everyone will work harder.
E. all of the above.

112. A mission statement

A. should never be revised.
B. sets out the organization's basic purpose for being.
C. should embrace everything rather than focus on a few key goals.
D. substitutes for more specific objectives.
E. supplies guidelines for general situations but not for situations where managers face difficult decisions.

113. A good mission statement should NOT

A. focus on a few key goals.
B. be a substitute for more specific objectives.
C. embrace everything the firms stands for.
D. supply guidelines when managers face difficult decisions.
E. none of the above is correct.

114. Overall company objectives should:

A. be specific.
B. focus on returning some profit to the business.
C. be realistic and achievable.
D. be compatible with one another.
E. all of the above.

115. Which of the following statements about company objectives is True?

A. Company objectives should be stated in vague terms to provide flexibility to lower-level managers.
B. Company objectives should be set by top management with no input from marketing managers.
C. A good mission statement can substitute for more specific company objectives.
D. Company objectives should be compatible with each other.
E. All of the above.

116. Company objectives

A. should be set within the framework of marketing objectives.
B. are made redundant by mission statements.
C. should always be overly ambitious.
D. should only be revised every five years.
E. guide managers as they search for and evaluate opportunities.

117. Typically, firms need a hierarchy of objectives. Which of the following best represents a correct hierarchy of a firm's objectives?

A. Company objectives, sales promotion objectives, marketing objectives, promotion objectives.
B. Marketing objectives, company objectives, promotion objectives, sales promotion objectives.
C. Company objectives, marketing objectives, promotion objectives, sales promotion objectives.
D. Marketing objectives, promotion objectives, sales promotion objectives, company objectives.
E. Promotion objectives, sales promotion objectives, company objectives, marketing objectives.

118. Of the following objectives, the LAST objective(s) that a firm should specify is its _____ objective(s).

A. marketing
B. sales promotion
C. price
D. company
E. promotion

119. Of the following, the last objectives that a firm should specify are its

A. company objectives.
B. marketing objectives.
C. promotion objectives.
D. advertising objectives.
E. price objectives.

120. Which of the following would a firm need to specify BEFORE deciding on its sales promotion objectives?

A. Company objectives.
B. Production objectives.
C. Product objectives.
D. Marketing objectives.
E. All of the above.

121. Along with studying trends in the environment, a first step in looking for attractive opportunities is to:

A. understand the resources and objectives of the firm.
B. decide which product-markets the firm will enter.
C. find new markets for present products.
D. estimate product-market potentials.
E. hire a marketing strategy planner.

122. With regard to a firm's resources (when searching for attractive opportunities):

A. a manufacturer needs skilled production people more than skilled salespeople.
B. lack of financial strength is often a barrier to entry.
C. large companies always have an advantage over smaller companies.
D. a familiar brand name is not very important since there are many new brand names.
E. a patent owner has a 3-year monopoly to develop its product.

123. When looking for attractive opportunities, a marketing manager should consider:

A. the firm's producing capability and flexibility.
B. the firm's financial strength.
C. whether the firm has good relations with established intermediaries.
D. the firm's marketing strengths.
E. All of the above.

124. Which of the following would NOT be a marketing strength for a local coffee shop?

A. A well recognized brand.
B. A patented coffee blend.
C. Established relations with local businesses.
D. Access to large amounts of capital from a long-term relationship with a local bank.
E. Counter staff that knows and understands customer preferences.

125. When a firm is searching for attractive opportunities, a good manager should keep in mind that _____ strength is very important:

A. financial
B. production and flexibility
C. marketing
D. pricing
E. All of the above

126. The number and types of competitors a marketing manager must face--and how they might behave--is called the _____ environment.

A. cultural
B. competitive
C. economic
D. political
E. social

127. Regarding the competitive environment, a marketing manager usually can:

A. choose strategies to avoid head-on competition.
B. control it with the help of the legal environment.
C. control it in the short run.
D. control it with the help of the political environment.
E. control it in the long run.

128. Which of the following is not a basic kind of market (competitive) situation?

A. Pure competition
B. Oligopoly
C. Capitalistic competition
D. Monopolistic competition
E. Monopoly

129. Most product-markets head toward _____ over the long run.

A. pure competition
B. monopolistic competition
C. capitalistic competition
D. monopoly
E. collectivism

130. A firm may find itself in--or moving toward--pure competition because:

A. customers see the firm's product as having close substitutes.
B. a firm with a unique product has no choice.
C. customers don't have much information about competing suppliers.
D. when the number of competitors is small, they usually make similar decisions.
E. None of the above.

131. In a _____ situation, competitors offer very similar products which customers see as close substitutes, and managers just compete with lower and lower prices as profit margins shrink.

A. Capitalistic competition
B. Pure competition
C. Monopoly
D. Monopolistic competition
E. Collectivist competition

132.____ refers to market situation where one firm completely controls a broad product-market.

A. Monopoly
B. Oligopoly
C. Pure competition
D. Monopolistic competition
E. Collectivist competition

133.In monopolistic competition,

A. one firm completely controls a broad product-market.
B. each competitor tries to get control in its "own" target market.
C. competitors offer the same marketing mix.
D. different marketing mixes are nevertheless seen as the same by all customers.
E. all customers view various alternatives as substitutes.

134.Which of the following observations is NOT TRUE of monopolistic competition?

A. A number of different firms offer marketing mixes that at least some customers see as different.
B. Marketing managers try to differentiate very similar products by relying on other elements of the marketing mix.
C. Each competitor tries to get a monopoly in its own target market.
D. Most marketing managers in developed economies do not face monopolistic competition.
E. Competition exists because some customers see various alternatives as substitutes.

135.When Minwax informs consumers that its brand will save time when finishing wood, the company is stressing:

A. The strengths and weaknesses of current competitors.
B. The strengths and weaknesses of indirect competitors.
C. The strengths and weaknesses of current and potential competitors.
D. The strengths and weaknesses of only direct competitors.
E. The strengths and weaknesses of the external environment.

136.Swanson Beverages, Inc., is using _____ to compare the strengths and weaknesses of its current target market and marketing mix with what its competitors are doing (or are likely to do).

A. clustering
B. scenario analysis
C. brand positioning
D. marketing mix review
E. competitor analysis

137.Regarding the competitive environment:

A. It is easy to find environments that are "competitor-free."
B. Monopoly situations are more common than are situations characterized by monopolistic competition.
C. "Competitive rivals" are a firm's closest competitors.
D. Competitor analysis should begin with an identification of competitors from the viewpoint of the manager, not the consumer.
E. All of the above.

138._____ _____ are the firms that are considered to be the organization's closest challengers.

A. Aggressive rivals.
B. Competitive rivals.
C. Direct rivals.
D. Indirect rivals.
E. Passive rivals.

139. Competitive barriers

A. facilitate cooperation among competitors.
B. may make it difficult for a firm to compete in a market.
C. refer to legal constraints on importing.
D. are the weaknesses in a competitor's strategy.
E. are a firm's closest competitors.

140. Competitive barriers in the Japanese market for disposable diapers impacting P&G included all of the following except:

A. Uni-Charm and Kao are leading brands in Japan.
B. Uni-Charm and Kao have established distribution channels in Japan.
C. Most grocery stores are small in Japan and require frequent restocking.
D. Pampers offers better fit and absorbency.

141. A marketing manager may ethically and actively seek information about current or potential competitors by

A. searching a firm's public website.
B. waiting at a landfill for competitors' trash to find copies of confidential company reports.
C. using computer "hackers" to break into a competitor's computer network.
D. hiring people from competing firms and then asking them confidential information about the competitor.
E. spying on competitors to obtain trade secrets.

142. The economic environment:

A. Has no relationship to the technological environment.
B. Is not affected by the way all of the parts of the macro-marketing system interact.
C. Is the same from country to country.
D. Can change very rapidly.
E. Never requires marketing managers to make immediate changes in strategy.

143. The economic environment

A. of an individual country has little effect on other countries.
B. refers to the application of science to convert resources to output.
C. includes changes in interest rates and inflation.
D. has little impact on an organization's marketing strategy.
E. does not change rapidly.

144. X-Brand Bikes, a manufacturer of off-road bicycles, carefully developed a strategy for moving into South America. The strategy had poor results after interest rates and inflation rose rapidly in most of its South American markets, demonstrating the influence of the _____ on marketing strategy.

A. economic environment
B. technological environment
C. social environment
D. legal environment
E. political environment

145. A change in the _____ environment can affect consumer purchases of homes, cars, and other items usually bought on credit.

A. legal
B. political
C. social/cultural
D. technological
E. economic

146. Rising costs and inflation are part of the uncontrollable _____ environment.

A. technological
B. economic
C. competitive
D. legal
E. cultural and social

147. Interest rates

A. often change with changes in the economy.
B. affect consumer markets, but not business customers.
C. usually decrease during periods of inflation.
D. do not directly affect the total price borrowers must pay for loans.
E. don't affect the prices buyers pay.

148. The marketing manager for a financial services firm knows that customer preferences for mutual funds and bond accounts will differ depending on the current interest rate. She must plan her offerings with the _____ environment in mind.

A. economic
B. social
C. technological
D. cultural
E. legal

149. Increased demand for new homes due to low interest rates is an example of the impact of the _____ environment.

A. Technological.
B. Cultural.
C. Competitive.
D. Economic.
E. Social.

150. The economies of the world are connected and changes in one economy quickly affect others. One key reason for this it that:

A. The amount of international trade is decreasing.
B. The amount of international trade is difficult to forecast.
C. The amount of international trade is increasing.
D. The amount of international trade is unstable.
E. The amount of international trade is stable.

151. The _____ refers to how much one country's money is worth in another country's money.

A. monetary value
B. exchange rate
C. dollar value
D. net worth
E. purchasing power

152. The way in which an economy's resources are converted to output is part of the _____ environment.

A. competitive.
B. economic.
C. political.
D. technological.
E. social.

153. Underlying any economic environment is technology which affects:

A. how the economy's resources are converted to output.
B. how quickly technological developments lead to new consumer protection laws.
C. how competitors react to each other.
D. how aggressive competitors are in planning new marketing strategies.
E. how fast consumer attitudes change.

154. Which of the following is NOT an example of how the economic and technological environment may affect marketing strategy planning?

A. The price of bicycles is rising because of inflation.
B. Bicycle manufacturers are finding it difficult to sell from websites because shipping an individual bike is very expensive.
C. Because of exchange rates, imported bikes are cheaper than those made in the United States.
D. Computer-controlled assembly lines can turn out a new bike every three and one-half seconds.
E. The demand for bikes is increasing because consumers are becoming more health conscious.

155. Which of the following is NOT primarily an example of the influence of technology on the external market environment:

A. a camera producer finds a way to enable a camera to store digital pictures -- without film.
B. machines are developed to assemble defect-free electronic components.
C. robots on a production line make it possible to lower cost.
D. a manufacturer of frozen food is finding that consumers prefer containers that can go from the freezer direct to a microwave oven.
E. the government passes a law that prohibits use of cell phones while driving a vehicle.

156. Which of the following is NOT an example of how the technological environment might affect marketing management?

A. A manufacturer uses a computer to send orders directly to a supplier's computer.
B. A retailer installs a computerized checkout scanner to replace a manual cash register system.
C. A firm develops a substitute for saturated fat in manufactured foods.
D. All of the above are examples.
E. None of the above is an example.

157. AT&T reacted to the popularity of the cellular phone by adding several cellular models to its line of regular phones. Availability and popularity of cellular phones is most likely due to changes in the _____ environments.

A. political and cultural
B. technological and legal
C. legal and economic
D. social and technological
E. all of the above

158. Which of the following statements about the technological environment is NOT TRUE?

A. The Internet changes how firms communicate with customers.
B. The transfer of technology from one part of the world to another is automatic.
C. A focus on technology may cause firms to develop a production orientation.
D. New technologies create new product-markets.
E. Technology is the application of science to convert an economy's resources to output.

159. An emphasis on a single country's interests before everything else is known as

A. socialism.
B. democracy.
C. nationalism.
D. capitalism.
E. entrepreneurship.

160. In the political environment, an emphasis on a single country's interests before everything else is called:

A. Elitism.
B. Socialism.
C. Extremism.
D. Regionalism.
E. Nationalism.

161. "Nationalism" is an issue in the _____ environment.

A. competitive
B. political
C. economic
D. cultural
E. technological

162. Which of the following statements about nationalism is NOT TRUE

A. Nationalism can be limiting in international markets.
B. A "Buy American" policy reflects nationalistic attitudes in the United States.
C. Nationalistic feelings can block all marketing activity in some international markets.
D. Nationalistic feelings always reduce sales.
E. Nationalism emphasizes one country's interests before everything else.

163. A "Buy American" campaign is an example of:

A. transnationalism.
B. nationalism.
C. environmentalism.
D. consumerism.
E. federalism.

164. The North American Free Trade Agreement (NAFTA):

A. Provides a plan to reshape the rules of trade among Canada, the United States, and Colombia.
B. May eventually expand to include North, South, and Central America.
C. Eliminates the need for companies to adjust strategies.
D. Makes it more difficult to resolve trade disputes among the countries participating in NAFTA.
E. None of the above.

165. NAFTA is:

A. a free-trade pact between the U.S., Canada, and Mexico.
B. a short-term proposition.
C. trying to eliminate most trade barriers with Mexico in the next five years.
D. all of the above.
E. none of the above.

166. Identify the incorrect statement concerning the North American Free Trade Agreement (NAFTA).

A. NAFTA lays out a plan to reshape the rules of trade among the U.S., Canada, and Mexico.
B. NAFTA enlarges the free-trade pact that had already knocked down most barriers to U.S.-Canada trade.
C. Over a 15-year period, NAFTA will eliminate most barriers to U.S.-Mexico trade.
D. NAFTA lays out a plan that covers all of North, South, and Central America.
E. NAFTA establishes a forum for resolving future trade disputes.

167. Which of the following newspaper headlines would be LEAST likely to involve the political environment?

A. U.S.-Vietnamese Joint Ventures in the Future.
B. Egg Sales Fall as Consumers Switch to Low Cholesterol Diets.
C. U.S. Signs Trade Agreement with Venezuela.
D. FDA Adopts New Regulations for Generic Drugs.
E. Consumers Urged to "Buy American."

168. The largest producer of "fuzz-busters" (radar detectors) sees that many states are increasing the penalty for using them. Clearly, this firm's marketing strategy may have to change in response to these changes in the

A. economic and technological environment.
B. resources and objectives of the firm.
C. competitive environment.
D. political and legal environment.
E. cultural and social environment.

169. The _____ environment sets the basic rules for how a business can operate in society.

A. legal
B. social
C. economic
D. technical
E. cultural

170. American economic and legislative thinking is based on the idea that

A. encouraging competition harms public interest.
B. competition among many small firms helps the economy.
C. attempts by business to limit competition aids large firms during recessions.
D. the economic environment provides a base for the technological environment.
E. laws should protect companies and not consumers.

171. American legislative and economic thinking assumes that:

A. competition among many small firms helps the economy.
B. firms must have their prices approved by the Federal Trade Commission.
C. the free enterprise system is dying.
D. laws are needed to prevent firms from competing with similar ("me-too") products.
E. government officials are needed to run the economy.

172. The early antimonopoly (or "procompetition") laws passed in the United States:

A. include the Federal Trade Commission Act and the Clayton Act.
B. began with the Sherman Act in 1890.
C. affect the 4Ps and marketing mix planning.
D. focus more on protecting competition than protecting consumers.
E. All of the above are true.

173. The Sherman Act and the Clayton Act:

A. were intended to protect large producers.
B. were designed to limit competition.
C. were passed during the rash of corporate takeovers in the 1980s.
D. All of the above are true.
E. None of the above is true.

174. The Sherman Act and the Clayton Act:

A. were intended to protect small producers.
B. were aimed at efforts to restrain trade or lessen competition.
C. were passed before the Depression of the 1930s.
D. All of the above are true.
E. None of the above is true.

175. The Sherman Act sought to:

A. prevent monopolies or conspiracies in restraint of trade.
B. establish the Federal Consumer Protection Agency.
C. eliminate price differences among different competing suppliers.
D. prevent fraud on the Internet.
E. restrict importing into the United States.

176. The Sherman Act is primarily designed to:

A. prevent monopolies or conspiracies in restraint of trade.
B. stop the flow of foreign products into the United States.
C. prevent unfair or deceptive acts or practices in commerce.
D. reduce price discrimination by manufacturers.
E. eliminate deceptive selling practices.

177. The _____ _____ prohibits monopoly or conspiracy in restraint of trade.

A. Sherman Act
B. Clayton Act
C. Robinson-Patman Act
D. Antimerger Act
E. Magnuson-Moss Act

178. The Clayton Act specifically aims at:

A. tying contracts.
B. price discrimination by manufacturers.
C. exclusive dealing contracts limiting a buyer's sources of supply.
D. all of the above.
E. none of the above.

179. The ____ prohibits exclusive dealing contracts.

A. Antimerger Act
B. Clayton Act
C. Magnuson-Moss Act
D. Wheeler-Lea Amendment
E. Federal Trade Commission Act

180. The Federal Trade Commission Act of 1914 focuses on:

A. mergers between competitors.
B. unreasonable practices related to product warranties.
C. unfair methods of competition.
D. tying contracts.
E. attempts to monopolize.

181. The Sherman Act and the Federal Trade Commission Act:

A. were passed to make it difficult for small companies to win customers away from large companies.
B. are not taken seriously, since there are no penalties for violations.
C. are quite different, with the FTC Act focusing on stopping deceptive business practices and the Sherman Act focusing on controlling monopolies.
D. are just different names for the same thing--a law proposed by Sherman to establish the Federal Trade Commission.
E. were passed to protect consumers from abuses by business, rather than to protect some businesses from others who had an "unfair" advantage.

182. The Robinson-Patman Act specifically aims at:

A. unfair methods of competition.
B. price discrimination.
C. deceptive advertising.
D. firms that rely on salespeople who sell "door to door."
E. attempts to monopolize.

183. When Acme Tools was found guilty of giving one of its retailers lower prices on goods of "like grade and quality" without any cost justification, the firm was charged with a violation of the _____ _____.

A. Sherman Act
B. Clayton Act
C. Robinson-Patman Act
D. Antimerger Act
E. Wheeler-Lea Amendment

184. Which of the following laws focuses on price discrimination on goods of "like grade and quality" without a cost justification?

A. The Fair Prices Act
B. The Robinson-Patman Act
C. The Federal Trade Commission Act
D. The Magnuson-Moss Act
E. There are no laws regulating price discrimination.

185. The Wheeler-Lea Amendment specifically aims at:

A. product warranties.
B. product safety.
C. unfair or deceptive practices.
D. tying and exclusive dealing contracts.
E. mergers and acquisitions.

186. A carpet cleaning firm runs a newspaper ad stating: "Special this month only! Three rooms of carpet cleaned for $39.95!" In each of the next ten months, the firm runs the same ad. A consumer advocacy group files suit against the carpet cleaning firm, contending that the ad is deceptive. The suit charges that the ad makes it seem as though the $39.95 price is a special price that will increase at the end of the month, when in reality, the price never changes. The U.S. federal law governing this type of situation is the:

A. Robinson-Patman Act.
B. Clayton Act.
C. Sherman Act.
D. Magnuson-Moss Act.
E. Wheeler-Lea Amendment.

187. Product warranties are the focus of the _____ Act.

A. Lemon
B. Magnuson-Moss
C. Sherman
D. Federal Trade Commission
E. Robinson-Patman

188. A company would be charged with product warranty violations under:

A. the Total Quality Management Act
B. the Robinson-Patman Act
C. the Federal Trade Commission Act
D. the Magnuson-Moss Act
E. There are no laws regulating product warranties.

189. Which of the following laws is primarily concerned with product warranties?

A. The Sherman Act
B. The Robinson-Patman Act
C. The Federal Trade Commission Act
D. The Magnuson-Moss Act
E. There are no laws regulating product warranties.

190. The Magnuson-Moss Act of 1975 focuses on which of the four Ps?

A. Price
B. Place
C. Promotion
D. People
E. Product

191. The Pure Food and Drug Act:

A. was the first consumer protection law.
B. was passed by Congress in 1906.
C. shifted the focus from "let the buyer beware" to "let the seller beware."
D. bans the shipment of unsanitary products.
E. All of the above.

192. Pill Makers Pharmaceuticals extensively tests all of its drugs to assure that it follows the _____.

A. Sherman Act
B. Pure Food and Drug Act
C. Federal Trade Commission Act
D. Magnuson-Moss Act
E. Clayton Act

193. If Climbing High Ladder Company produced ladders that were unstable and caused many injuries, the ___ has the power to force the company to recall its product.

A. Consumer Product Safety Commission
B. Food and Drug Administration
C. Federal Trade Commission
D. Environmental Protection Agency
E. Consumer Protection Agency

194. Safety standards for products such as bicycles are set by the:

A. Consumer Product Safety Commission.
B. U.S. Department of Transportation.
C. Federal Trade Commission.
D. Environmental Protection Agency.
E. Food and Drug Administration.

195. The Consumer Product Safety Commission

A. does not have any power--it can only advise the FTC.
B. protects small business from large business, rather than protecting consumers.
C. was created by the Pure Food and Drug Act.
D. has no effect on marketing strategy planning until a product is on the market and proved to be dangerous by a government agency.
E. has broad power to set safety standards and penalties for violation of these standards.

196. Regarding the current legal environment facing U.S. marketing managers,

A. state and local laws rarely are important because they are always less restrictive than federal laws.
B. the focus has shifted from "let the seller beware" to "let the buyer beware."
C. the emphasis is now on product innovation.
D. safety is now a big concern and must be considered in product design.
E. All of the above are true.

197. Regarding the current legal environment facing U.S. marketing managers:

A. state and local laws vary but contain important regulations.
B. the focus has shifted from "let the buyer beware" to "let the seller beware."
C. product safety is now controlled.
D. businesses and individual managers are subject to both criminal and civil laws.
E. all of the above.

198. The attitudes and behavior patterns of people are part of the

A. political environment.
B. social and cultural environment.
C. competitive environment.
D. firm's resources and objectives.
E. economic and technological environment.

199. The languages people speak, the type of education they have, and their religious beliefs are examples of the

A. political environment.
B. economic environment.
C. cultural and social environment.
D. legal environment.
E. technological environment.

200. Which of the following newspaper headlines is MOST LIKELY to be a result of changes in the cultural and social environment?

A. "McDonald's Changes Its Menu to Cater to Low-Carb Dieters."
B. "General Motors Offers Original Equipment Car Stereos with Satellite Radio Service."
C. "Treasury Department Introduces New Currency to Combat Counterfeiters."
D. "New Projection TVs Are Thinner, Lighter that Traditional TVs."
E. "Gasoline Prices Increase Sharply."

201. A marketing analyst for a chicken processor reports that a rising percentage of people are eating chicken because it has less fat than beef. Clearly, this firm's opportunities may improve with this change in the

A. technological environment.
B. cultural and social environment.
C. economic environment.
D. political and legal environment.
E. competitive environment.

202. Maria Lopez runs an errand service from her home. For a fee, she will pick up dry cleaning, buy groceries, plan small parties, and do errands for her customers. The demand for this type of service has increased because of changes in the

A. cultural/social environment.
B. legal environment.
C. technological environment.
D. political environment.
E. none of the above.

203. Consumer emphasis on fitness has created opportunities for firms like Nike, Nautilus and Schwinn, and illustrates the impact of the changing:

A. technological environment.
B. economic environment.
C. competitive environment.
D. cultural and social environment.
E. political and legal environment.

204. The recent interest in physical fitness has forced producers of food, clothing, and other products to reconsider their marketing strategies. Which of the following does this trend illustrate?

A. economic and technological environment.
B. cultural and social environment.
C. existing business situation.
D. political and legal environment.
E. resources and objectives of the firm.

205. More women working outside the home and greater interest in leisure are examples of changes in the _____ environment.

A. technological.
B. cultural and social.
C. economic.
D. legal.
E. competitive.

206. Which of the following is an example of the cultural and social environment?

A. Growing acceptance of women in business.
B. Growing popularity of exercise.
C. Increased desire for satisfaction with life.
D. All of the above.
E. None of the above.

207. Which of the following is least likely a result of shifts in the cultural and social environment?

A Domino's Pizza finds that demand for pizza delivered at home has expanded as more consumers are
. willing to pay for more convenience.
B. A toy manufacturer recalls a playpen with a defective latch and Toys 'R' Us stores remove them from the shelf.
C. Haagen-Dazs introduces a nonfat yogurt that is also "low cal."
D. Sony recruits more women graduates for sales management positions.
E. BMW builds its new plant in South Carolina because of the willingness of "Sun Belt" workers to put in a "full day's work."

208. According to projections, the population of _____ is likely to grow by 13 percent between 2010 and 2025.

A. Japan
B. Russia
C. United States
D. Uganda
E. India

209. Which of the following observations about population trends is incorrect?

A. The extent to which a country's population is clustered around urban areas varies a lot from country to country.
B. The trend toward urbanization has made companies more interested in international markets.
C. U.S. population makes up more than 10 percent of total world population.
D. Over the long term population growth is expected in most countries.
E. Less-developed countries experience the fastest population growth rates.

210. Which of the following statements is/are true?

A. The United States makes up less than 5 percent of the total world population.
B. In general less-developed countries experience a faster rate of population growth than developed countries.
C. There is a worldwide trend toward urbanization.
D. The world population is now over 6 billion people.
E. All of the above are true.

211. Regarding population growth in the world,

A. population growth in Japan and Europe is even slower than in the U.S.
B. less-developed countries generally experience the fastest growth.
Cthe populations of Madagascar and Somalia will likely increase by more than 40 percent between 2010
. and 2025 while the populations of the U.S. and Canada will grow by less than 15 percent.
D. All of the above are true.
E. None of the above are true.

212. The greatest growth in the world's population over the next several years will come from:

A. Western Europe.
B. Middle East and Far East.
C. Australia.
D. Eastern Europe.
E. Russia and nations of the former Soviet bloc.

213. Which of the following countries has the fastest projected population growth between 2010 and 2025?

A. United Kingdom
B. Canada
C. Germany
D. United States
E. Uganda

214. Which of the following countries is likely to see a population decline from 2010-2025?

A. Germany
B. Iceland
C. United States
D. United Kingdom
E. China

215. Identify the incorrect statement about population density and shifts in population.

A. Population density is important to marketers.
B. In Ethiopia, Nepal, and Uganda more than 85 percent of people live in urban areas.
C. People everywhere are moving from rural areas to urban areas.
D. Population is very spread out in many of the African countries.
E. India's population is almost 1.2 billion and is getting larger.

216. Regarding population density in the world,

A. high-population density occurs only in highly developed economies.
B. some Western European and Asian urban areas are more crowded than U.S. urban areas.
C. the United States is the only country with crowded urban areas.
D. there is a worldwide movement back to rural areas.
E. None of the above is true.

217. Which of the following countries has the highest population density?

A. Switzerland
B. United States
C. Australia
D. Singapore
E. Bangladesh

218. In 2006, 100 percent of this country's population was in urban areas.

A. United States
B. Singapore
C. United Kingdom
D. Germany
E. Italy

219. The total market value of goods and services provided in a country's economy per year by both residents and nonresidents of that country is:

A. Gross domestic product.
B. Gross national product.
C. Gross national income.
D. Gross domestic income.
E. Gross disposable income.

220. ____ refers to the total market value of all goods and services provided in a country's economy in a year by both residents and nonresidents of that country.

A. Gross output
B. Gross investment
C. Gross national income
D. Gross fixed capital formation
E. Gross domestic product

221. Gross domestic product (GDP) is the:

A. total cost of producing all goods and services sold in a year.
B. total market value of goods and services provided in an economy in a year by both residents and nonresidents of that country.
C. total market value of goods (but not services) consumed in an economy in a year.
D. total market value of goods and services consumed in a year.
E. total market value of goods (but not services) produced in an economy in a year.

222. Gross domestic product (GDP) is the:

A. total market value of goods and services provided in an economy in a year by both residents and nonresidents of that country.
B. manufacturers' selling price of goods (but not services) produced in a year.
C. total market value of goods (but not services) produced in an economy in a year.
D. total market value of goods and services consumed in a year.
E. None of the above.

223. Gross domestic product:

A. is the total market value of goods, but not services, produced in a year.
B. is an excellent basis for comparing consumer well-being across different cultures and economies.
C. is a widely used measure of income for different countries.
D. All of the above are true.
E. A and B are true.

224. A widely used measure of income in most countries is:

A. gross domestic product.
B. total consumption expenditures.
C. disposable personal product.
D. population times GDP.
E. socio-economic product.

225. Gross domestic product (GDP):

A. is affected by economic conditions and the productivity of workers in the country.
B. usually rises when there are bad economic conditions in an economy.
C. is the amount of new capital invested in business in a year.
D. is the total cost of producing all goods and services in a year.
E. is the total market value of goods and services consumed in an economy in a year.

226. Comparing GDP for foreign countries can help a marketing manager evaluate potential markets if the manager remembers that:

A. GDP measures show people's tendency to buy particular products.
B. income tends to be evenly distributed among consumers in most countries.
C. GDP estimates may not be very accurate for very different cultures and economies.
D. GDP measures show the degree of competition in a market.
E. All of the above are true.

227. Regarding gross domestic product (GDP) and gross national income (GNI):

A. GDP income measures can give the impression that people in less-developed nations have more income than they really do.
B. GDP includes foreign income earned in a country, but GNI does not.
C. Both GDP and GNI are widely used measures of national income.
D. All of the above are true.
E. A and B are true, but not C.

228. Gross national income (GNI) is the:

A. total cost of producing all goods and services sold in a year.
B. total market value of goods and services provided in an economy in a year by residents of that country.
C. total market value of goods (but not services) consumed in an economy in a year.
D. total market value of goods and services consumed in a year.
E. total market value of goods (but not services) produced in an economy in a year.

229. Gross national income (GNI) is the:

A. total market value of goods and services provided in an economy in a year by residents of that country.
B. manufacturers' selling price of goods (but not services) produced in a year.
C. total market value of goods (but not services) produced in an economy in a year.
D. total market value of goods and services consumed in a year.
E. None of the above.

230. Gross national income:

A. is the total market value of goods, but not services, produced in a year.
B. is an excellent basis for comparing consumer well-being across different cultures and economies.
C. is a widely used measure of income for different countries.
D. All of the above are true.
E. A and B are true.

231. A widely used measure of income in most countries is:

A. gross national income.
B. total consumption expenditures.
C. disposable personal product.
D. population times GNI.
E. socio-economic product.

232. Gross national income (GNI):

A. is affected by economic conditions and the productivity of workers in the country.
B. usually rises when there are bad economic conditions in an economy.
C. is the amount of new capital invested in business in a year.
D. is the total cost of producing all goods and services in a year.
E. is the total market value of goods and services consumed in an economy in a year.

233. Unlike the GDP, the GNI

A. includes foreign income.
B. is the total market value of all goods and services provided in a country's economy in a year by nonresidents.
C. includes the income earned by residents who do not own resources in that nation.
D. does not include income earned by foreigners who own resources in that nation.
E. is a measure of regional income.

234. Identify the incorrect statement pertaining to the GNI per capita.

A. The GNI per capita in the United States is the highest in the world.
B. The GNI per capita is quite high in the United States, Japan, and Germany.
C. The GNI per capita gives some idea of the income level of people in the country.
D. Many managers see great potential in countries where GNI per capita is low.
E. Managers see less competition where GNI per capita is low.

235. If American firm Boeing sets up a factory in China, then the GDP figure for China _____ include those profits and the GNI _____.

A. would; would as well.
B. would; would not.
C. would not; also would not.
D. would not; would.
E. would; would only measure actual sales.

236. Which of the following observations concerning different measures of national income is TRUE?

A. GDP does not include income earned by foreigners who own resources in that nation.
B. Using GNI can give the impression that people in less-developed countries have more income than they really do.
C. GNI per capita is a useful figure because it gives some idea of the income level of people in the country.
D. The less-developed nations account for the biggest share of the world's GDP.
E. GDP is the only measure of national income.

237. Which of the following countries have the HIGHEST GNI PER CAPITA?

A. Saudi Arabia and Kuwait
B. Mexico and Spain
C. Japan and Switzerland
D. India and China
E. Germany and the United States

238. Which of the following countries has the highest GNI per capita?

A. United States
B. India
C. Switzerland
D. Saudi Arabia
E. Venezuela

239. Which of the following countries have the LOWEST GNI PER CAPITA?

A. Japan and Switzerland
B. Mexico and Spain
C. Ethiopia and Nepal
D. India and Pakistan
E. Germany and the United States

240. A company trying to market its products in a country that has a low literacy rate would be well advised to:

A. Print its promotional messages in larger font (character) sizes.
B. Conduct marketing research using paper-and-pencil surveys.
C. Use symbols, colors, and other nonverbal means of communication.
D. All of the above.
E. None of the above.

241. Literacy studies show that _____ percent of adults (age 15 or older) cannot read and write.

A. 10
B. 18
C. 38
D. 50
E. 60

242. Which of the following countries has the HIGHEST literacy rate?

A. Finland
B. Venezuela
C. Greece
D. Algeria
E. Morocco

243. Which of the following countries has the LOWEST literacy rate?

A. United Kingdom
B. Italy
C. Bangladesh
D. France
E. Egypt

244. According to estimates, which of the following countries has 100 percent literacy?

A. Norway
B. Singapore
C. Italy
D. Kuwait
E. China

245. Which government agency is responsible for tracking the population data in the United States?

A. Census Bureau of America.
B. Census Institute for America.
C. U.S. Census Agency.
D. U.S. Census Bureau.
E. U.S. Department of the Census.

246. The current U.S. population is LARGEST in which of the following states:

A. California.
B. Florida.
C. Illinois.
D. New York.
E. Texas.

247. The state with the largest population is

A. Texas.
B. Nevada.
C. New York.
D. Florida.
E. California.

248. According to the text, which of the following states had the LARGEST projected percentage increase in population between 2000 and 2010?

A. North Dakota
B. Nevada
C. West Virginia
D. Florida
E. Iowa

249. The state with the largest percentage increase in population between 2000 and 2010 is:

A. New York
B. Nevada
C. Illinois
D. South Dakota
E. Michigan

250. The current U.S. population is SMALLEST in which of the following states:

A. Montana.
B. Nebraska.
C. Oklahoma.
D. Utah.
E. Wyoming.

251. In the period from 2000 to 2010, the population is projected to grow most rapidly in:

A. the north central states (around the Great Lakes).
B. every state in the U.S.
C. Sun Belt states.
D. the western states.
E. None of the above is true.

252. During the next decade, the U.S. population is expected to continue to shift:

A. away from the Southeast to the Northeast.
B. to the South and West.
C. to the north central states.
D. away from the Northeast to all other parts of the country.
E. away from the West to the East.

253. The best marketing opportunity for a consumer products producer is in:

A. California.
B. Florida.
C. New York.
D. Texas.
E. It depends on the marketing strategy.

254. According to projections about percent growth in population for each state in the U.S., from 2000 to 2010,

A. the greatest growth is in western states like Nevada, Arizona, Idaho, and Utah.
B. the population growth of New York is expected to lead the nation.
C. the population growth in Georgia, North Carolina, and Virginia is negligible.
D. All of the above.
E. None of the above.

255. Smart marketers might respond to the changes in the U.S. population by:

A. targeting customers in international markets to take advantage of faster population growth overseas.
B. targeting areas where there is less population but also fewer competitors.
C. focusing on areas, like the Northeast, where there are large numbers of potential customers.
D. all of the above.
E. none of the above.

256. The different rates of population growth are important to marketers for all of the following reasons except

A. sudden growth in one area may create a demand for many new shopping centers.
B. retailers in growing areas face tougher competition for a smaller number of customers.
C. marketers always look for fast-growing markets.
D. in growing areas, demand may increase so rapidly that profits may be good even in poorly planned facilities.
E. none of the above.

257. A Metropolitan Statistical Area (MSA):

A. must contain one city of 10,000 or more people.
B. is an urbanized area with a population of at least 2,000,000 people.
C. is an integrated economic and social unit with a large population nucleus.
D. usually includes several cities.
E. Both B and D are true.

258. A Metropolitan Statistical Area (MSA):

A. contains one city of 500,000 or more.
B. is an integrated economic and social unit having a large population nucleus.
C. is a consolidated set of cities and suburbs.
D. consists of one or more counties which must contain a total population of at least 2,000,000.
E. Both C and D are required for an area to be designated an MSA.

259. A Metropolitan Statistical Area (MSA) is:

A. an area where there has been at least a 15 percent change in the population during the previous 10 years.
B. a city with 250,000 or more people.
C. generally centered on one city or urbanized area of 50,000 or more inhabitants and includes bordering urban areas.
D. a Census Bureau term that corresponds to county-by-county political boundaries.
E. All of the above.

260. A _____ is an integrated economic and social unit with a large population nucleus.

A. Small Urban Unit
B. Consolidated Media Market
C. PRIZM Cluster
D. Consolidated Target Market
E. Metropolitan Statistical Area

261. Which of the following statements is true?

A. A Metropolitan Statistical Area generally centers on one urbanized area of 50,000 or more in population and includes bordering "urban" areas.
B. Some national marketers sell only in the largest Metropolitan Statistical Areas.
C. For most marketers, Metropolitan Statistical Areas are a more useful classification method than political boundaries.
D. All of the above are true statements.
E. None of the above are true statements.

262. Metropolitan Statistical Areas

A. are attractive to many marketers, but usually are very competitive.
B. are declining in importance.
C. offer lower sales potential than might be suggested by the population base involved.
D. All of the above are true.
E. None of the above is true.

263. Consolidated Metropolitan Statistical Areas (CMSA):

A. are the "central city" areas of the largest urban areas--such as New York City and Los Angeles.
B. are the largest MSAs--those with a population of more than 1,000,000.
C. are of little interest to marketers because they are defined by political boundaries rather than on some other, more useful, segmenting dimensions.
D. have large populations, but usually are only of interest to marketers who are targeting low income consumers.
E. Both C and D are true.

264. A Consolidated Metropolitan Statistical Area

A. is a group of small towns or cities that, taken together, have a total population of 100,000.
B. is smaller than an MSA.
C. is a large metropolitan statistical area--with over 1 million population.
D. is the central city area of a large city.
E. None of the above is true.

265. Identify the INCORRECT statement pertaining to Metropolitan Statistica Areas (MSAs).

A. About 38 percent of all Americans live in the 20 largest CMSAs.
B. MSAs are integrated economic and social units with large population nuclei.
C. MSAs center on a city of 50,000 or more inhabitants and include bordering urban areas.
D. MSAs with a population of below 50,000 inhabitants are called Consolidated Metropolitan Statistical Areas.
E. The U.S. Census Bureau reports data by MSA.

266. The median age of the U.S. population

A. was 37 in 1980.
B. will be about 30 by 2010.
C. is decreasing because the percentage of population in older age groups has decreased.
D. is growing because the percentage of population in older age groups has increased.
E. has not changed since 1980.

267. Which of the following is NOT an accurate statement about consumer markets in the United States?

A. There are already over 309 million people in the United States.
B. The average age of the U.S. population is rising.
C. The number of people in the 65+ age group will decline very substantially in the next decade.
D. The post-WWII baby boom produced over 25 percent of the U.S. population.
E. The number of people in the 45-64 age group will increase very substantially in this decade.

268. The move of the "Baby Boomers" into the 45-64 age group has:

A. increased the average age of the population.
B. left many colleges and universities with excess capacity.
C. contributed to increased interest in health and fitness products.
D. All of the above are true.
E. None of the above is true.

269. Regarding the age trends in the U.S. population:

A. The average age of the U.S. population is increasing.
B. The number of children (under age 5) in the U.S. population is increasing.
C. The number of senior citizens in the over-65 age group is increasing.
D. The oldest "baby boomers" are now reaching retirement age.
E. All of the above.

270. With respect to marketing opportunities that depend on the age distribution of the U.S. population,

A. sales of products targeted at the 18-24 year old group are likely to rise between 2000 and 2010.
B. the size of the 45-64 age group will increase more rapidly between 2000 and 2010 than any other group.
C. sales of products targeted at senior citizens are likely to rise between 2000 and 2010.
D. the average age of the U.S. consumer is rising.
E. All of the above are true.

271. Which of the following U.S. marketing managers is about to make a serious mistake?

A. "We are targeting the school age group, since that group is growing faster than any other group."
B. "We are refocusing on senior citizens, since they will be a growing market for many years."
C. "We are developing special swimsuit designs for older women as that market is very large and growing."
D. "Our company is shifting to international markets, where the population will continue to grow at a more rapid rate."
E. None of the above seems headed for a mistake.

272. Between 2000 and 2010, the largest projected increase in the U.S. population will occur in the:

A. 45-64 age group.
B. 65 or over age group.
C. 18-24 age group.
D. 25-44 age group.
E. 5-17 age group.

273. Which of the following age groups are likely to see a decline in growth rate from 2000-2010?

A. Under 5
B. 18-24
C. 25-44
D. 45-64
E. 65+

274. Between 2010 and 2020, the largest projected increase in the U.S. population will occur in the:

A. 5-17 age group.
B. 18-24 age group.
C. 25-44 age group.
D. 45-64 age group.
E. 65 or over age group.

275. The size of the population of which of the following age groups is likely to decline from 2010-2020?

A. Under 5
B. 5-17
C. 18-24
D. 25-44
E. 45-64

276. In which of the external environments do changes usually occur most slowly?

A. Cultural and social environment
B. Political and legal environment
C. Resources and objectives of the firm
D. Competitive environment
E. Economic and technological environment

277. The first and most important question to ask when evaluating product-market opportunities is:

A. "How does it fit with our objectives and resources?"
B. "What is the sales forecast for this product?"
C. "How much profit will we make this year?"
D. "How much do we need to invest in this product?"
E. "How far along is our research and development effort in this area?"

278. A firm's product-market screening criteria for evaluating existing plans and possible new opportunities should consider:

A. the objectives of top management.
B. trends in the marketing environment.
C. the firm's resources.
D. All of the above.
E. Only A and B above.

279. Product-market screening criteria should:

A. be qualitative.
B. summarize in one place what the firm wants to accomplish.
C. be achievable.
D. be stated in quantitative terms.
E. All of the above.

280. When using screening criteria to evaluate opportunities:

A. Marketers must try to match opportunities to the firm's resources and objectives.
B. Quantitative and qualitative criteria should be considered.
C. Opportunities that are not expected to be profitable after one year of implementation should always be dropped.
D. All of the above.
E. A and B only.

281. Which of the following is a quantitative screening criteria?

A. increase sales by $100,000.
B. earn 25 percent return on investment.
C. cover all start-up costs in the first year.
D. all of the above are quantitative criteria.
E. all of the above are qualitative criteria.

282. Which of the following is a QUALITATIVE screening criterion for evaluating opportunities?

A. Sales target for the firm.
B. Profit target for the firm.
C. Kind of business the firm wants to be in.
D. Return on investment (ROI) target for the firm.
E. None of the above.

283. When evaluating the potential of possible opportunities (product-market strategies), a marketing manager should:

A. evaluate each opportunity over the life of the project, since short-term losses may hide long-term profitability.
B. avoid using quantitative criteria because they tend to oversimplify the problem.
C. look at each opportunity on its own, since there is no good way to compare different plans.
D. look only at internal resources, since they are controllable.
E. All of the above are true.

284. The marketing manager for Lucky Grains cereals is forecasting potential lifetime sales, costs, and profitability for a potential new product -- Lucky Rice Squares. The marketing manager is using ____ to evaluate this opportunity.

A. cost plus assessment
B. operating margins screen
C. industry attractiveness matrix
D. strategic planning grid
E. total profit approach

285. A total profit approach to evaluating product-market strategic plans

A. will not work if the plans are for the same number of years.
B. will be most useful when the plans require very different levels of investment.
C. may support a particular plan even if it generates poor profits in some years.
D. Both A and B are true.
E. None of the above is true.

286. The "total profit" approach to evaluating possible product-market strategic plans:

A. is the best approach to use.
B. cannot be used to compare possible plans unless they are very similar.
C. may support a plan that is not the most profitable in the short run.
D. requires only sales forecasts for the life of possible plans.
E. All of the above are true.

287. When selecting among possible product-market strategic plans,

A. the total profit approach tends to support plans that will be profitable in the short term even if longer term profits would be higher with another plan.
B. the total profit approach requires estimates of sales, costs, and profits.
C. managers can evaluate only one plan at a time.
D. All of the above are true.
E. None of the above is true.

288. General Electric's "strategic planning grid" is an approach for:

A. evaluating possible marketing objectives.
B. selecting target markets.
C. evaluating existing and possible plans.
D. developing new products.
E. developing marketing mixes.

289. The _____ dimension of the GE grid helps managers answer the question: Does this product-market plan look like a good idea?

A. business strengths
B. quantitative criteria
C. industry attractiveness
D. relative positioning
E. qualitative criteria

290. The business strengths dimension of the GE grid focuses on:

A. market diversity.
B. the question: Does this product-market plan look like a good idea?
C. the ability of the company to pursue a product-market plan effectively.
D. industry profitability.
E. the social and legal environment.

291. With General Electric's strategic planning grid:

A. the industry attractiveness dimension focuses on the ability of the company to pursue a product-market plan effectively.
B. managers must follow an objective, single-factor approach.
C. the business strengths dimension focuses on whether this product-market plan looks like a good idea.
D. managers make three-part judgments about the business strengths and industry attractiveness of all proposed or existing product-market plans.
E. opportunities that fall into the red boxes are the firm's best growth opportunities.

292. General Electric's "strategic planning grid":

A. focuses on market share and market growth rate.
B. ignores some important issues--such as competitive structure and the environmental impact of a plan.
C. requires that all opportunities be judged either "High" or "Low."
D. substitutes quantitative estimates for management judgment.
E. None of the above is true.

293. General Electric's "strategic planning grid":

A. substitutes precise quantitative estimates for management judgment and intuition.
B. places too much emphasis on industry attractiveness, almost ignoring the firm's own business strengths.
C. emphasizes market share and market growth rate.
D. is oversimplified in that it assumes all opportunities must be either "good" or "bad."
E. None of the above is a true statement.

294. Using General Electric's "strategic planning grid," an opportunity rated "medium" in terms of industry attractiveness and "medium" in terms of business strengths would be evaluated as:

A. yellow--borderline.
B. red--for no growth.
C. green--for growth.
D. could be yellow, red, or green--because the grid really doesn't deal with "medium" ratings.

295. Using General Electric's "strategic planning grid," an opportunity rated "medium" in terms of industry attractiveness and "high" in terms of business strengths would be evaluated as:

A. yellow--borderline.
B. red--for no growth.
C. green--for growth.
D. could be yellow, red, or green--because the grid suggests that opportunities with medium ratings need more analysis.

296. According to the General Electric strategic planning grid, a business that is the strongest in its industry:

A. should still be considered as a "no-growth" prospect unless the industry attractiveness is high.
B. is a good prospect, provided the industry has at least medium attractiveness.
C. should automatically receive a large investment.
D. All of the above are true.
E. None of the above is true.

297. According to the General Electric strategic planning grid, an opportunity which is low on the "business strengths" dimension but high on the "industry attractiveness" should be:

A. called a strategic business unit.
B. supported if it is an existing business, but probably not supported if it is a new opportunity.
C. immediately supported with large investment.
D. sold off or discontinued.
E. viewed as a "green" (high growth) opportunity.

298. General Electric's "strategic planning grid":

A. focuses on market share and market growth rate.
B. requires subjective judgments about business strengths and industry attractiveness.
C. requires that all opportunities be judged either "High" or "Low."
D. substitutes quantitative estimates for management judgment.
E. All of the above are true.

299. GE's planning grid approach

A. doesn't work because different managers usually come to different conclusions given the subjective evaluations involved.
B. is really the same thing as the total profit approach.
C. overemphasizes short term profitability.
D. is superficial because it considers only size and expected market share, and ignores other possibly important factors.
E. could be adapted easily by another firm with different objectives.

300. Identify the incorrect statement pertaining to multiproduct firms.

A. They have a more difficult strategic planning job than firms with only a few products or product lines.
B. They have to develop strategic plans for very different businesses.
C. They have to balance plans and resources so the whole company reaches its objectives.
D. They have to get needed resources without milking some businesses and eliminating others.
E. They may form strategic business units.

301. Organizational units (within a larger company) which focus their efforts on selected product-markets and are treated as separate profit centers are called:

A. marketing departments.
B. SPMs.
C. functional departments.
D. strategic business units.
E. BTUs.

302. The Tennis Products Group is a an organizational unit within Sporting Goods for America Company (SGA) that focuses on the design, production, marketing, and sales of tennis balls, tennis racquets, and other tennis-related products. Tennis Products Group is a ____ for SGA.

A. functional unit.
B. strategic alliance partner.
C. portolio group.
D. franchise unit.
E. strategic business unit.

303. A marketing manager in a large corporation wrote the company's president a memo in which she said: "The performance of our SBU has improved." An "SBU" is a:

A. struggling business unit.
B. small business unit.
C. selective branding unit.
D. strategic business unit.
E. secondary bidding unit.

304. Strategic business units:

A. Are not treated as separate profit centers.
B. Are organizational units within a larger company.
C. Should receive an equal amount of attention and resources.
D. Should never be dropped or sold.
E. None of the above.

305. Which of the following statements concerning strategic business units (SBUs) is NOT TRUE.

A. SBUs are organizational units within a larger company.
B. SBUs are treated as separate profit centers.
C. SBUs focus on some product-markets.
D. By forming SBUs, a company acknowledges its similar business lines.
E. SBUs that produce only average profits should be allowed to generate profits to support SBUs with better growth prospects.

306. According to the "continuum of environmental sensitivity":

A. industrial products usually need to be adapted to foreign markets more than consumer products.
B. consumer products that are linked to other social or cultural variables are easily adaptable to foreign markets and thus involve very little risk in international marketing.
C. it is extremely risky to market basic commodities in international markets.
D. some products are more adaptable to foreign markets than others--and thus may be less risky.
E. All of the above are true statements.

307. The "continuum of environmental sensitivity" suggests that:

A. some products are more adaptable to international markets than others.
B. it is extremely risky to sell basic commodities in international markets.
C. industrial products need to be adapted more than consumer products for international markets.
D. All of the above are true.
E. None of the above is true.

308. According to the "continuum of environmental sensitivity," which of the following types of products are less sensitive to environmental changes?

A. "Faddy" type consumer products
B. Industrial products
C. Basic commodity-type consumer products
D. Consumer products that are linked to cultural variables
E. All of the above are equally sensitive to environmental changes.

309. Which of the following types of products is LEAST sensitive to environmental changes, according to the "continuum of environmental sensitivity"?

A. Industrial products.
B. Commodity-type consumer products.
C. Consumer products linked to cultural variables.
D. "Me-too" products.
E. Fad products.

310. According to the "continuum of environmental sensitivity," which of the following types of products would be most sensitive to environmental changes?

A. Consumer products that are basically commodities--like gasoline
B. Industrial products
C. Consumer products that are tied to cultural differences--like diet colas
D. Manufacturing products
E. Engineering products

ch3 Key

1. The marketing manager can control the variables in the marketing environment.
(p. 58)

FALSE

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 03 #1
Question Type: Definition
Self-Test: No

2. Company objectives should shape the direction and operation of the whole business.
(p. 59)

TRUE

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 03 #2
Question Type: Definition
Self-Test: No

3. Earning a profit probably should be one of the objectives of a firm, but it should not be the only one.
(p. 59-60)

TRUE

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 03 #3
Question Type: Definition
Self-Test: No

4. A mission statement sets out the organization's basic purpose for being.
(p. 60)

TRUE

AACSB: 9 Value creation
Chapter: 3
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 03 #4
Question Type: Definition
Self-Test: No

5. A mission statement can help a manager decide which opportunities to pursue and which to screen out.
(p. 60)

TRUE

AACSB: 9 Value creation
Chapter: 3
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 03 #5
Question Type: Definition
Self-Test: No

6. A mission statement sets out the strengths and weaknesses of a firm as well as the opportunities and threats that it faces.
(p. 60)

FALSE

AACSB: 9 Value creation
Chapter: 3
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 03 #6
Question Type: Definition
Self-Test: No

7. A mission statement substitutes for more specific objectives.
(p. 60)

FALSE

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 03 #7
Question Type: Definition
Self-Test: No

8. Good marketing objectives should be ambitious and almost impossible to achieve.
(p. 61)

FALSE

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 03 #8
Question Type: Definition
Self-Test: No

9. The objectives of a firm should direct the operation of the marketing department, but aren't important to the rest of the business.
(p. 61)

FALSE

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 03 #9
Question Type: Definition
Self-Test: No

10. If the cost of production per unit goes down as the quantity produced increases, small producers can be at a great cost disadvantage.
(p. 62)

TRUE

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 03 #10
Question Type: Definition
Self-Test: No

11. As compared to larger competitors, smaller firms benefit from lower unit costs which they achieve with lower sales volumes.
(p. 62)

FALSE

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 03 #11
Question Type: Comprehension
Self-Test: No

12. Smaller producers always have a great advantage in competing with larger producers because of their flexibility.
(p. 62)

FALSE

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 03 #12
Question Type: Definition
Self-Test: No

13. Ownership of patents, a familiar brand name, and financial strength are some of the many resources of a firm that a manager should evaluate when searching for new opportunities.
(p. 62)

TRUE

AACSB: 11 Analysis for decisions; 9 Value creation
Chapter: 3
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 03 #13
Question Type: Definition
Self-Test: No

14. Good relations with intermediaries, good locations, and good salespeople are some of the many resources of a firm that should be evaluated when searching for new opportunities.
(p. 62-63)

TRUE

AACSB: 11 Analysis for decisions; 9 Value creation
Chapter: 3
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 03 #14
Question Type: Definition
Self-Test: No

15. The competitive environment affects the number and types of competitors the marketing manager must face and how they may behave.
(p. 63)

TRUE

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 03 #15
Question Type: Definition
Self-Test: No

16. When the competitive environment moves toward pure competition, producers offer very different products that consumers do not perceive as substitutes for each other.
(p. 63)

FALSE

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 03 #16
Question Type: Comprehension
Self-Test: No

17. Over the long run, most product-markets tend toward monopolistic competition.
(p. 63)

FALSE

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 03 #17
Question Type: Definition
Self-Test: No

18. In market-directed economies, unregulated monopolies are rare.
(p. 64)

TRUE

AACSB: 10 Org Dynamics; 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 03 #18
Question Type: Definition
Self-Test: No

19. In monopolistic competition, one firm completely controls a broad product-market.
(p. 64)

FALSE

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Medium
LearnObj: 4
Perreault - Chapter 03 #19
Question Type: Definition
Self-Test: No

20. In monopolistic competition, managers sometimes try to differentiate very similar products by relying on promotion or other elements of the marketing mix.
(p. 64)

TRUE

AACSB: 9 Value creation
Chapter: 3
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 03 #20
Question Type: Definition
Self-Test: No

21. Competitor analysis is an organized approach for evaluating the strengths and weaknesses of current or potential competitors' marketing strategies.
(p. 64)

TRUE

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 03 #21
Question Type: Definition
Self-Test: No

22. The major shortcoming of competitor analysis is that it focuses on the weaknesses of competitors--but ignores their strengths.
(p. 64)

FALSE

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 03 #22
Question Type: Definition
Self-Test: No

23. The first step in a competitor analysis is to identify potential competitors.
(p. 64)

TRUE

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 03 #23
Question Type: Definition
Self-Test: No

24. Competitive barriers are conditions that make it difficult for a firm to compete in a market.
(p. 65)

TRUE

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 03 #24
Question Type: Definition
Self-Test: No

25. The Internet is a powerful way to get information about competitors.
(p. 66)

TRUE

AACSB: 4 Use of IT
Chapter: 3
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 03 #25
Question Type: Definition
Self-Test: No

26. *(p. 66)* The Internet is an important aspect of the technological environment, but it isn't very useful for getting information about competitors.

FALSE

AACSB: 4 Use of IT
Chapter: 3
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 03 #26
Question Type: Definition
Self-Test: No

27. *(p. 66)* Many people think that it is unethical to spy on competitors to obtain their trade secrets, but it is perfectly legal.

FALSE

AACSB: 2 Ethical reasoning
Chapter: 3
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 03 #27
Question Type: Definition
Self-Test: No

28. *(p. 66)* Spying on competitors to obtain trade secrets raises moral issues but is not illegal.

FALSE

AACSB: 2 Ethical reasoning
Chapter: 3
Difficulty: Medium
LearnObj: 4
Perreault - Chapter 03 #28
Question Type: Definition
Self-Test: No

29. *(p. 67)* The technological environment includes such things as national income, economic growth, and inflation.

FALSE

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Medium
LearnObj: 5
Perreault - Chapter 03 #29
Question Type: Comprehension
Self-Test: No

30. *(p. 67)* Technical skills and equipment affect how an economy's resources are converted to output.

TRUE

AACSB: 9 Value creation
Chapter: 3
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 03 #30
Question Type: Definition
Self-Test: No

31. Interest rates usually decrease during periods of inflation.
(p. 67)

FALSE

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Medium
LearnObj: 5
Perreault - Chapter 03 #31
Question Type: Definition
Self-Test: No

32. Compared to some countries in Latin America, the rate of inflation in the U.S. is low.
(p. 67)

TRUE

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 03 #32
Question Type: Definition
Self-Test: No

33. Technology is the application of science to convert an economy's resources to output.
(p. 68)

TRUE

AACSB: 9 Value creation
Chapter: 3
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 03 #33
Question Type: Definition
Self-Test: No

34. Technology affects marketing through new products and new processes.
(p. 68)

TRUE

AACSB: 9 Value creation
Chapter: 3
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 03 #34
Question Type: Definition
Self-Test: No

35. Technological advances like the World Wide Web and the Internet are leading to big advances in business.
(p. 69)

TRUE

AACSB: 12 IT influences
Chapter: 3
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 03 #35
Question Type: Definition
Self-Test: No

36. Changes in technology can have major impacts on marketing strategy planning.
(p. 69)

TRUE

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 03 #36
Question Type: Definition
Self-Test: No

37. Technology provides new opportunities and new challenges for marketers.
(p. 69)

TRUE

AACSB: 9 Value creation
Chapter: 3
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 03 #37
Question Type: Definition
Self-Test: No

38. Placing the interests of individual consumers before the interests of business is nationalism.
(p. 70)

FALSE

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 03 #38
Question Type: Definition
Self-Test: No

39. Nationalism--or the emphasis on a country's interests before anything else--may affect the work of some marketing managers.
(p. 70)

TRUE

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 03 #39
Question Type: Definition
Self-Test: No

40. Regional groupings of nations outside the United States have little effect on the decisions of marketing managers whose firms are headquartered in the U.S.
(p. 70)

FALSE

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 03 #40
Question Type: Definition
Self-Test: No

41. Strong sentiments of nationalism facilitate growth in importing and exporting.
(p. 70)

FALSE

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Hard
LearnObj: 6
Perreault - Chapter 03 #41
Question Type: Comprehension
Self-Test: No

42. Marketers no longer encounter differences among European countries.
(p. 70)

FALSE

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 03 #42
Question Type: Definition
Self-Test: No

43. The elimination of separate barriers to inter-European trade is making Europe a large unified market.
(p. 70)

TRUE

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 03 #43
Question Type: Definition
Self-Test: No

44. The American economic and legal systems protect small firms from competition so they can grow and become larger.
(p. 71)

TRUE

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 03 #44
Question Type: Comprehension
Self-Test: No

45. A basic idea in the legal environment in the United States is that attempts by business to limit competition are considered contrary to the public interest.
(p. 71)

TRUE

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 03 #45
Question Type: Definition
Self-Test: No

46. A manager could be fined for violating the antimonopoly laws, but he or she could not be sent to jail.
(p. 72)

FALSE

AACSB: 7 Responsibilities
Chapter: 3
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 03 #46
Question Type: Definition
Self-Test: No

47. The Sherman Act deals with tying contracts, exclusive dealing contracts, and price discrimination by manufacturers.
(p. 72)

FALSE

AACSB: 7 Responsibilities
Chapter: 3
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 03 #47
Question Type: Definition
Self-Test: No

48. The Magnuson-Moss Act regulates product warranties.
(p. 72)

TRUE

AACSB: 13 Economic environments; 7 Responsibilities
Chapter: 3
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 03 #48
Question Type: Definition
Self-Test: No

49. The Clayton Act focuses on practices which may substantially lessen competition--such as tying contracts, exclusive dealing contracts and price discrimination by manufacturers.
(p. 72)

TRUE

AACSB: 7 Responsibilities
Chapter: 3
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 03 #49
Question Type: Definition
Self-Test: No

50. Before the Pure Food and Drug Act was passed, it was assumed that the common law and the warning "let the buyer beware" would take care of consumers.
(p. 73)

TRUE

AACSB: 7 Responsibilities
Chapter: 3
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 03 #50
Question Type: Definition
Self-Test: No

51. *(p. 73)* The Consumer Product Safety Act provides for the creation of safety standards but has no power to set penalties for failure to meet these standards.

FALSE

AACSB: 7 Responsibilities
Chapter: 3
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 03 #51
Question Type: Definition
Self-Test: No

52. *(p. 73)* In the United States, the Consumer Product Safety Commission sets and enforces product safety standards.

TRUE

AACSB: 7 Responsibilities
Chapter: 3
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 03 #52
Question Type: Comprehension
Self-Test: No

53. *(p. 73)* Because the Consumer Product Safety Commission has no power to force a product off the market, safety is not a very important consideration in product design.

FALSE

AACSB: 7 Responsibilities
Chapter: 3
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 03 #53
Question Type: Definition
Self-Test: No

54. *(p. 73)* Marketers should be aware of federal legislation, as well as state and local laws, when planning marketing strategy.

TRUE

AACSB: 7 Responsibilities
Chapter: 3
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 03 #54
Question Type: Definition
Self-Test: No

55. *(p. 73)* The old rule about buyer-seller relations of "let the buyer beware" seems to be changing to "let the seller beware."

TRUE

AACSB: 7 Responsibilities
Chapter: 3
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 03 #55
Question Type: Definition
Self-Test: No

56. The cultural and social environment affects how and why people live and behave as they do.
(p. 73)

TRUE

AACSB: 5. Diversity understanding
Chapter: 3
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 03 #56
Question Type: Definition
Self-Test: No

57. The cultural and social environment refers to where people live and their income.
(p. 73)

FALSE

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Medium
LearnObj: 7
Perreault - Chapter 03 #57
Question Type: Definition
Self-Test: No

58. Women's changing role has created opportunities for marketing but also complications.
(p. 73)

TRUE

AACSB: 5. Diversity understanding
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #58
Question Type: Definition
Self-Test: No

59. The U.S. does not have the largest population of any country in the world, but it does have the largest population growth rate.
(p. 74-75)

FALSE

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #59
Question Type: Definition
Self-Test: No

60. The U.S. population is over 300 million people and the world population is over 6 billion people.
(p. 74)

TRUE

AACSB: 3 Analytical skills
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #60
Question Type: Definition
Self-Test: No

61. There are over 309 million people living in the United States.
(p. 74-75)

TRUE

AACSB: 3 Analytical skills
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #61
Question Type: Definition
Self-Test: No

62. India has more people than the United States, and China has more people than India.
(p. 75)

TRUE

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #62
Question Type: Definition
Self-Test: No

63. Less-developed countries usually experience the slowest population growth.
(p. 74)

FALSE

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #63
Question Type: Definition
Self-Test: No

64. In the United Kingdom, Kuwait, Australia, Israel, and Singapore, for example, less than 16 percent of people live in urban areas.
(p. 74)

FALSE

AACSB: 3 Analytical skills
Chapter: 3
Difficulty: Medium
LearnObj: 7
Perreault - Chapter 03 #64
Question Type: Definition
Self-Test: No

65. The worldwide trend toward urbanization has prompted increased interest in international markets.
(p. 74)

TRUE

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #65
Question Type: Definition
Self-Test: No

66. When considering international markets, income is often one of the most important demographic dimensions.
(p. 74)

TRUE

AACSB: 10 Org Dynamics; 13 Economic environments
Chapter: 3
Difficulty: Medium
LearnObj: 7
Perreault - Chapter 03 #66
Question Type: Definition
Self-Test: No

67. When considering international markets, income is usually not an important demographic dimension.
(p. 74)

FALSE

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #67
Question Type: Definition
Self-Test: No

68. Both GDP and GNI are widely used measures of national income.
(p. 76)

TRUE

AACSB: 8 Financial
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #68
Question Type: Definition
Self-Test: No

69. Gross domestic product is the total dollar value of a country's exports during a one year period.
(p. 76)

FALSE

AACSB: 8 Financial
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #69
Question Type: Definition
Self-Test: No

70. Gross domestic product includes foreign income earned in a country.
(p. 76)

TRUE

AACSB: 8 Financial
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #70
Question Type: Definition
Self-Test: No

71. GNI is the total market value of all goods and services provided in a country's economy in a year by both residents and nonresidents of that country
(p. 76)

FALSE

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Medium
LearnObj: 7
Perreault - Chapter 03 #71
Question Type: Definition
Self-Test: No

72. GDP income measures can give the impression that people in less-developed nations have more income than they really do.
(p. 76)

TRUE

AACSB: 8 Financial
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #72
Question Type: Definition
Self-Test: No

73. GNI income measures can give the impression that people in less-developed nations have less income than they really do.
(p. 76)

FALSE

AACSB: 8 Financial
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #73
Question Type: Definition
Self-Test: No

74. Even though the more developed industrial nations don't have the largest populations, they do have the biggest share of the world's GDP.
(p. 76)

TRUE

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #74
Question Type: Definition
Self-Test: No

75. Countries where gross national income (GNI) per capita is low do not offer any opportunities for marketers.
(p. 76)

FALSE

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #75
Question Type: Definition
Self-Test: No

76. Much of the world's population lives in extreme poverty.
(p. 75)

TRUE

AACSB: 3 Analytical skills
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #76
Question Type: Definition
Self-Test: No

77. Because almost all of the world's population can read and write, international marketers have no problems in communicating with potential customers no matter where they live.
(p. 77)

FALSE

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #77
Question Type: Definition
Self-Test: No

78. California is the state with the largest population, and Texas is a distant second.
(p. 77)

TRUE

AACSB: 3 Analytical skills
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #78
Question Type: Definition
Self-Test: No

79. New York is the state with the largest population, and California is a distant second.
(p. 77)

FALSE

AACSB: 3 Analytical skills
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #79
Question Type: Definition
Self-Test: No

80. Population figures for a single year don't show the dynamic aspects of markets.
(p. 77)

TRUE

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #80
Question Type: Definition
Self-Test: No

81. *(p. 77)* In the United States, the West and the South are growing faster than the Northeast and the North Central areas.

TRUE

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #81
Question Type: Definition
Self-Test: No

82. *(p. 77)* Areas with small populations may still be attractive target markets for some firms--because there may be less competition.

TRUE

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #82
Question Type: Definition
Self-Test: No

83. *(p. 77)* The rate of growth of the U.S.'s population is lower than the rate of growth of some other countries' population.

TRUE

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #83
Question Type: Definition
Self-Test: No

84. *(p. 77-78)* A Metropolitan Statistical Area is an integrated economic and social unit with a large population at the center.

TRUE

AACSB: 3 Analytical skills
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #84
Question Type: Definition
Self-Test: No

85. *(p. 77-78)* The Metropolitan Statistical Area is an integrated economic and social unit with a large population nucleus.

TRUE

AACSB: 3 Analytical skills
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #85
Question Type: Definition
Self-Test: No

86. A Metropolitan Statistical Area usually has a population of at least 50,000 people.
(p. 78)

TRUE

AACSB: 3 Analytical skills
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #86
Question Type: Definition
Self-Test: No

87. A Metropolitan Statistical Area (MSA) usually has less than 50,000 inhabitants.
(p. 78)

FALSE

AACSB: 3 Analytical skills
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #87
Question Type: Definition
Self-Test: No

88. MSAs with a population of less than 50,000 are called Consolidated Metropolitan Statistical Areas.
(p. 78)

FALSE

AACSB: 3 Analytical skills
Chapter: 3
Difficulty: Medium
LearnObj: 7
Perreault - Chapter 03 #88
Question Type: Definition
Self-Test: No

89. Competition for consumer dollars is usually greater inside an MSA than outside an MSA.
(p. 78)

TRUE

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #89
Question Type: Definition
Self-Test: No

90. In 1980, the median age of the U.S. population was 37.
(p. 78)

FALSE

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #90
Question Type: Definition
Self-Test: No

91. The median age in the United States is projected to increase from 30 in 1980 to 37 in 2010.
(p. 78)

TRUE

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #91
Question Type: Definition
Self-Test: No

92. The average age of the U.S. population will continue to rise for many years because of the post-World War II "baby boom."
(p. 78)

TRUE

AACSB: 3 Analytical skills
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #92
Question Type: Definition
Self-Test: No

93. The post-World War II "baby boom" produced about 25 percent of the present U.S. population.
(p. 78)

TRUE

AACSB: 3 Analytical skills
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #93
Question Type: Definition
Self-Test: No

94. Most changes in the cultural and social environment come slowly.
(p. 79)

TRUE

AACSB: 5. Diversity understanding
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #94
Question Type: Definition
Self-Test: No

95. Changes in the cultural and social environment tend to come about quickly.
(p. 79)

FALSE

AACSB: 5. Diversity understanding
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #95
Question Type: Definition
Self-Test: No

96. When evaluating opportunities, quantitative screening criteria help a manager decide what kind of opportunities to pursue.
(p. 80)

TRUE

AACSB: 11 Analysis for decisions; 9 Value creation
Chapter: 3
Difficulty: Easy
LearnObj: 8
Perreault - Chapter 03 #96
Question Type: Definition
Self-Test: No

97. Screening criteria should be in quantitative form--based on factors such as profit and expected sales--so that they are objective and not subject to qualitative judgments and interpretations by different managers.
(p. 80)

FALSE

AACSB: 10 Org Dynamics; 11 Analysis for decisions
Chapter: 3
Difficulty: Easy
LearnObj: 8
Perreault - Chapter 03 #97
Question Type: Definition
Self-Test: No

98. In the total profit approach, management forecasts potential sales and costs during the life of the plan to estimate likely profitability.
(p. 82)

TRUE

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Easy
LearnObj: 8
Perreault - Chapter 03 #98
Question Type: Definition
Self-Test: No

99. Opportunities which fall into the red boxes in the General Electric "strategic planning grid" are growth opportunities.
(p. 82-83)

FALSE

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Easy
LearnObj: 8
Perreault - Chapter 03 #99
Question Type: Definition
Self-Test: No

100. Using the General Electric strategic planning grid, an opportunity rated "medium" in terms of both industry attractiveness and business strengths is an opportunity that the firm should always avoid.
(p. 83)

FALSE

AACSB: 10 Org Dynamics; 11 Analysis for decisions
Chapter: 3
Difficulty: Easy
LearnObj: 8
Perreault - Chapter 03 #100
Question Type: Definition
Self-Test: No

101. The General Electric "strategic planning grid" relies on subjective judgments about business strengths and industry attractiveness.
(p. 83)

TRUE

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Easy
LearnObj: 8
Perreault - Chapter 03 #101
Question Type: Definition
Self-Test: No

102. GE's strategic planning grid considers two dimensions -- industry attractiveness and market growth -- to identify opportunities that may be growth, borderline, or no growth.
(p. 82-83)

TRUE

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Medium
LearnObj: 8
Perreault - Chapter 03 #102
Question Type: Comprehension
Self-Test: No

103. A strategic business unit (SBU) within a larger firm is usually treated as a separate profit center.
(p. 83)

TRUE

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Easy
LearnObj: 8
Perreault - Chapter 03 #103
Question Type: Definition
Self-Test: No

104. The "continuum of environmental sensitivity" suggests that industrial products are more sensitive to the cultural environments in which they are placed than high-style consumer products.
(p. 84-85)

FALSE

AACSB: 5. Diversity understanding
Chapter: 3
Difficulty: Easy
LearnObj: 8
Perreault - Chapter 03 #104
Question Type: Definition
Self-Test: No

105. Marketing managers should remember that there are many variables in the _____ that affect strategy planning.
(p. 58)

A. economic and technological environment.
B. competitive environment.
C. cultural and social environment.
D. political and legal environment.
E. All of the above.

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 03 #105
Question Type: Definition
Self-Test: No

106. In the short run, a marketing manager usually cannot control:
(p. 58)

A. the competitive environment.
B. the cultural environment.
C. the legal environment.
D. the economic environment.
E. Any of the above.

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 03 #106
Question Type: Definition
Self-Test: No

107. The direct market environment
(p. 58)

A. includes customers, the company, and competitors.
B. consists of variables that can be controlled.
C. is broader in scope than the external environment.
D. includes economic and technological environments.
E. is made up of the political, legal, and social environments.

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 03 #107
Question Type: Definition
Self-Test: No

108. According to the text, which of the following is NOT a basic guideline for setting a firm's objectives?
(p. 60)

A. Engaging in specific activities that will perform an economically useful function.
B. Identifying its current and prospective competitors.
C. Earning enough profit to survive.
D. Developing an organization to carry on the business and implement its strategies.
E. Ensuring that the firm's activities are socially useful.

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 03 #108
Question Type: Definition
Self-Test: No

109. The basic objective of a firm should be to:
(p. 60)

A. engage in some specific business activity that will perform a socially and economically useful function.
B. develop an organization to carry on the business and implement its strategies.
C. earn enough profit to survive.
D. All of the above.
E. Only B and C above.

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 03 #109
Question Type: Definition
Self-Test: No

110. Which of the following objectives of a business is the most important?
(p. 59-60)

A. To engage in some specific business activity which will perform a socially and economically useful function.
B. To develop an organization to carry on the business and implement its strategies.
C. To earn enough profit to survive.
D. All three of the above are equally important, because a failure in any one could lead to a total failure of the business.
E. Both B and C are more important than A.

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 03 #110
Question Type: Comprehension
Self-Test: No

111. When setting objectives for the whole firm, TOP MANAGEMENT should:
(p. 59-61)

A. involve the marketing manager in the objective setting process.
B. set objectives that focus on the highest possible immediate profit potential.
C. stick to general objectives--in order to maintain flexibility.
D. set objectives beyond what can actually be achieved--so everyone will work harder.
E. all of the above.

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 03 #111
Question Type: Self-Test
Self-Test: Self-Test

112. A mission statement
(p. 60)

A. should never be revised.
B. sets out the organization's basic purpose for being.
C. should embrace everything rather than focus on a few key goals.
D. substitutes for more specific objectives.
E. supplies guidelines for general situations but not for situations where managers face difficult decisions.

AACSB: 10 Org Dynamics; 9 Value creation
Chapter: 3
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 03 #112
Question Type: Definition
Self-Test: No

113. A good mission statement should NOT
(p. 60)

A. focus on a few key goals.
B. be a substitute for more specific objectives.
C. embrace everything the firms stands for.
D. supply guidelines when managers face difficult decisions.
E. none of the above is correct.

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 03 #113
Question Type: Comprehension
Self-Test: No

114. Overall company objectives should:
(p. 60-61)

A. be specific.
B. focus on returning some profit to the business.
C. be realistic and achievable.
D. be compatible with one another.
E. all of the above.

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 03 #114
Question Type: Comprehension
Self-Test: No

115. Which of the following statements about company objectives is True?
(p. 60-61)

A. Company objectives should be stated in vague terms to provide flexibility to lower-level managers.
B. Company objectives should be set by top management with no input from marketing managers.
C. A good mission statement can substitute for more specific company objectives.
D. Company objectives should be compatible with each other.
E. All of the above.

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 03 #115
Question Type: Comprehension
Self-Test: No

116. Company objectives
(p. 60-61)

A. should be set within the framework of marketing objectives.
B. are made redundant by mission statements.
C. should always be overly ambitious.
D. should only be revised every five years.
E. guide managers as they search for and evaluate opportunities.

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 03 #116
Question Type: Definition
Self-Test: No

117. Typically, firms need a hierarchy of objectives. Which of the following best represents a correct hierarchy of a firm's objectives?
(p. 61)

A. Company objectives, sales promotion objectives, marketing objectives, promotion objectives.
B. Marketing objectives, company objectives, promotion objectives, sales promotion objectives.
C. Company objectives, marketing objectives, promotion objectives, sales promotion objectives.
D. Marketing objectives, promotion objectives, sales promotion objectives, company objectives.
E. Promotion objectives, sales promotion objectives, company objectives, marketing objectives.

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 03 #117
Question Type: Definition
Self-Test: No

118. Of the following objectives, the LAST objective(s) that a firm should specify is its _____ objective(s).
(p. 61)

A. marketing
B. sales promotion
C. price
D. company
E. promotion

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 03 #118
Question Type: Comprehension
Self-Test: No

119. Of the following, the last objectives that a firm should specify are its
(p. 61)

A. company objectives.
B. marketing objectives.
C. promotion objectives.
D. advertising objectives.
E. price objectives.

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 03 #119
Question Type: Comprehension
Self-Test: No

120. Which of the following would a firm need to specify BEFORE deciding on its sales promotion objectives?
(p. 61)

A. Company objectives.
B. Production objectives.
C. Product objectives.
D. Marketing objectives.
E. All of the above.

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 03 #120
Question Type: Comprehension
Self-Test: No

121. Along with studying trends in the environment, a first step in looking for attractive opportunities is to:
(p. 61)

A. understand the resources and objectives of the firm.
B. decide which product-markets the firm will enter.
C. find new markets for present products.
D. estimate product-market potentials.
E. hire a marketing strategy planner.

AACSB: 11 Analysis for decisions; 9 Value creation
Chapter: 3
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 03 #121
Question Type: Integrating
Self-Test: No

122. With regard to a firm's resources (when searching for attractive opportunities):
(p. 62)

A. a manufacturer needs skilled production people more than skilled salespeople.
B. lack of financial strength is often a barrier to entry.
C. large companies always have an advantage over smaller companies.
D. a familiar brand name is not very important since there are many new brand names.
E. a patent owner has a 3-year monopoly to develop its product.

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 03 #122
Question Type: Self-Test
Self-Test: Self-Test

123. When looking for attractive opportunities, a marketing manager should consider:
(p. 62)

A. the firm's producing capability and flexibility.
B. the firm's financial strength.
C. whether the firm has good relations with established intermediaries.
D. the firm's marketing strengths.
E. All of the above.

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 03 #123
Question Type: Definition
Self-Test: No

124. Which of the following would NOT be a marketing strength for a local coffee shop?
(p. 62)

A. A well recognized brand.
B. A patented coffee blend.
C. Established relations with local businesses.
D. Access to large amounts of capital from a long-term relationship with a local bank.
E. Counter staff that knows and understands customer preferences.

AACSB: 10 Org Dynamics; 9 Value creation
Chapter: 3
Difficulty: Hard
LearnObj: 3
Perreault - Chapter 03 #124
Question Type: Application
Self-Test: No

125. When a firm is searching for attractive opportunities, a good manager should keep in mind that _____ strength is very important:
(p. 62)

A. financial
B. production and flexibility
C. marketing
D. pricing
E. All of the above

AACSB: 10 Org Dynamics; 11 Analysis for decisions
Chapter: 3
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 03 #125
Question Type: Comprehension
Self-Test: No

126. The number and types of competitors a marketing manager must face--and how they might behave--is called the _____ environment.
(p. 63)

A. cultural
B. competitive
C. economic
D. political
E. social

AACSB: 10 Org Dynamics; 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 03 #126
Question Type: Definition
Self-Test: No

127. Regarding the competitive environment, a marketing manager usually can:
(p. 63)

A. choose strategies to avoid head-on competition.
B. control it with the help of the legal environment.
C. control it in the short run.
D. control it with the help of the political environment.
E. control it in the long run.

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Hard
LearnObj: 4
Perreault - Chapter 03 #127
Question Type: Comprehension
Self-Test: No

128. Which of the following is not a basic kind of market (competitive) situation?
(p. 63)

A. Pure competition
B. Oligopoly
C. Capitalistic competition
D. Monopolistic competition
E. Monopoly

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 03 #128
Question Type: Definition
Self-Test: No

129. Most product-markets head toward _____ over the long run.
(p. 63)

A. pure competition
B. monopolistic competition
C. capitalistic competition
D. monopoly
E. collectivism

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 03 #129
Question Type: Definition
Self-Test: No

130. A firm may find itself in--or moving toward--pure competition because:
(p. 63)

A. customers see the firm's product as having close substitutes.
B. a firm with a unique product has no choice.
C. customers don't have much information about competing suppliers.
D. when the number of competitors is small, they usually make similar decisions.
E. None of the above.

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 03 #130
Question Type: Self-Test
Self-Test: Self-Test

131. In a _____ situation, competitors offer very similar products which customers see as close substitutes, and managers just compete with lower and lower prices as profit margins shrink.
(p. 63)

A. Capitalistic competition
B. Pure competition
C. Monopoly
D. Monopolistic competition
E. Collectivist competition

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Medium
LearnObj: 4
Perreault - Chapter 03 #131
Question Type: Definition
Self-Test: No

132. ____ refers to market situation where one firm completely controls a broad product-market.
(p. 64)

A. Monopoly
B. Oligopoly
C. Pure competition
D. Monopolistic competition
E. Collectivist competition

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Medium
LearnObj: 4
Perreault - Chapter 03 #132
Question Type: Definition
Self-Test: No

133. In monopolistic competition,
(p. 64)

A. one firm completely controls a broad product-market.
B. each competitor tries to get control in its "own" target market.
C. competitors offer the same marketing mix.
D. different marketing mixes are nevertheless seen as the same by all customers.
E. all customers view various alternatives as substitutes.

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Hard
LearnObj: 4
Perreault - Chapter 03 #133
Question Type: Comprehension
Self-Test: No

134. Which of the following observations is NOT TRUE of monopolistic competition?
(p. 64)

A. A number of different firms offer marketing mixes that at least some customers see as different.
B. Marketing managers try to differentiate very similar products by relying on other elements of the marketing mix.
C. Each competitor tries to get a monopoly in its own target market.
D. Most marketing managers in developed economies do not face monopolistic competition.
E. Competition exists because some customers see various alternatives as substitutes.

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Hard
LearnObj: 4
Perreault - Chapter 03 #134
Question Type: Comprehension
Self-Test: No

135. When Minwax informs consumers that its brand will save time when finishing wood, the company is stressing:
(p. 63-64)

A. The strengths and weaknesses of current competitors.
B. The strengths and weaknesses of indirect competitors.
C. The strengths and weaknesses of current and potential competitors.
D. The strengths and weaknesses of only direct competitors.
E. The strengths and weaknesses of the external environment.

AACSB: 9 Value creation
Chapter: 3
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 03 #135
Question Type: Comprehension
Self-Test: No

136. Swanson Beverages, Inc., is using _____ to compare the strengths and weaknesses of its current target market and marketing mix with what its competitors are doing (or are likely to do).
(p. 64)

A. clustering
B. scenario analysis
C. brand positioning
D. marketing mix review
E. competitor analysis

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Medium
LearnObj: 4
Perreault - Chapter 03 #136
Question Type: Application
Self-Test: No

137. Regarding the competitive environment:
(p. 65)

A. It is easy to find environments that are "competitor-free."
B. Monopoly situations are more common than are situations characterized by monopolistic competition.
C. "Competitive rivals" are a firm's closest competitors.
D. Competitor analysis should begin with an identification of competitors from the viewpoint of the manager, not the consumer.
E. All of the above.

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 03 #137
Question Type: Comprehension
Self-Test: No

138. _____ _____ are the firms that are considered to be the organization's closest challengers.
(p. 65)

A. Aggressive rivals.
B. Competitive rivals.
C. Direct rivals.
D. Indirect rivals.
E. Passive rivals.

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 03 #138
Question Type: Definition
Self-Test: No

139. Competitive barriers
(p. 65)

A. facilitate cooperation among competitors.
B. may make it difficult for a firm to compete in a market.
C. refer to legal constraints on importing.
D. are the weaknesses in a competitor's strategy.
E. are a firm's closest competitors.

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 03 #139
Question Type: Definition
Self-Test: No

140. Competitive barriers in the Japanese market for disposable diapers impacting P&G included all of the following except:
(p. 65-66)

A. Uni-Charm and Kao are leading brands in Japan.
B. Uni-Charm and Kao have established distribution channels in Japan.
C. Most grocery stores are small in Japan and require frequent restocking.
D. Pampers offers better fit and absorbency.

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 03 #140
Question Type: Comprehension
Self-Test: No

141. A marketing manager may ethically and actively seek information about current or potential competitors by
(p. 66)

A. searching a firm's public website.
B. waiting at a landfill for competitors' trash to find copies of confidential company reports.
C. using computer "hackers" to break into a competitor's computer network.
D. hiring people from competing firms and then asking them confidential information about the competitor.
E. spying on competitors to obtain trade secrets.

AACSB: 2 Ethical reasoning
Chapter: 3
Difficulty: Hard
LearnObj: 4
Perreault - Chapter 03 #141
Question Type: Integrating
Self-Test: No

142. The economic environment:
(p. 67)

A. Has no relationship to the technological environment.
B. Is not affected by the way all of the parts of the macro-marketing system interact.
C. Is the same from country to country.
D. Can change very rapidly.
E. Never requires marketing managers to make immediate changes in strategy.

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 03 #142
Question Type: Definition
Self-Test: No

143. The economic environment
(p. 67)

A. of an individual country has little effect on other countries.
B. refers to the application of science to convert resources to output.
C. includes changes in interest rates and inflation.
D. has little impact on an organization's marketing strategy.
E. does not change rapidly.

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Medium
LearnObj: 5
Perreault - Chapter 03 #143
Question Type: Comprehension
Self-Test: No

144. X-Brand Bikes, a manufacturer of off-road bicycles, carefully developed a strategy for moving into South America. The strategy had poor results after interest rates and inflation rose rapidly in most of its South American markets, demonstrating the influence of the _____ on marketing strategy.
(p. 67)

A. economic environment
B. technological environment
C. social environment
D. legal environment
E. political environment

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Medium
LearnObj: 5
Perreault - Chapter 03 #144
Question Type: Application
Self-Test: No

145. A change in the _____ environment can affect consumer purchases of homes, cars, and other items usually bought on credit.
(p. 67)

A. legal
B. political
C. social/cultural
D. technological
E. economic

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 03 #145
Question Type: Definition
Self-Test: No

146. Rising costs and inflation are part of the uncontrollable _____ environment.
(p. 67)

A. technological
B. economic
C. competitive
D. legal
E. cultural and social

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 03 #146
Question Type: Definition
Self-Test: No

147. Interest rates
(p. 67)

A. often change with changes in the economy.
B. affect consumer markets, but not business customers.
C. usually decrease during periods of inflation.
D. do not directly affect the total price borrowers must pay for loans.
E. don't affect the prices buyers pay.

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Medium
LearnObj: 5
Perreault - Chapter 03 #147
Question Type: Comprehension
Self-Test: No

148. The marketing manager for a financial services firm knows that customer preferences for mutual funds and bond accounts will differ depending on the current interest rate. She must plan her offerings with the _____ environment in mind.
(p. 67)

A. economic
B. social
C. technological
D. cultural
E. legal

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 03 #148
Question Type: Application
Self-Test: No

149. Increased demand for new homes due to low interest rates is an example of the impact of the _____ environment.
(p. 67)

A. Technological.
B. Cultural.
C. Competitive.
D. Economic.
E. Social.

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 03 #149
Question Type: Definition
Self-Test: No

150. The economies of the world are connected and changes in one economy quickly affect others. One key reason for this it that:
(p. 67)

A. The amount of international trade is decreasing.
B. The amount of international trade is difficult to forecast.
C. The amount of international trade is increasing.
D. The amount of international trade is unstable.
E. The amount of international trade is stable.

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 03 #150
Question Type: Comprehension
Self-Test: No

151. The _____ refers to how much one country's money is worth in another country's money.
(p. 68)

A. monetary value
B. exchange rate
C. dollar value
D. net worth
E. purchasing power

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 03 #151
Question Type: Definition
Self-Test: No

152. The way in which an economy's resources are converted to output is part of the _____ environment.
(p. 68)

A. competitive.
B. economic.
C. political.
D. technological.
E. social.

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 03 #152
Question Type: Definition
Self-Test: No

153. Underlying any economic environment is technology which affects:
(p. 68)

A. how the economy's resources are converted to output.
B. how quickly technological developments lead to new consumer protection laws.
C. how competitors react to each other.
D. how aggressive competitors are in planning new marketing strategies.
E. how fast consumer attitudes change.

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 03 #153
Question Type: Definition
Self-Test: No

154. Which of the following is NOT an example of how the economic and technological environment may affect marketing strategy planning?
(p. 68)

A. The price of bicycles is rising because of inflation.
B. Bicycle manufacturers are finding it difficult to sell from websites because shipping an individual bike is very expensive.
C. Because of exchange rates, imported bikes are cheaper than those made in the United States.
D. Computer-controlled assembly lines can turn out a new bike every three and one-half seconds.
E. The demand for bikes is increasing because consumers are becoming more health conscious.

AACSB: 10 Org Dynamics; 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 03 #154
Question Type: Comprehension
Self-Test: No

155. *(p. 68)* Which of the following is NOT primarily an example of the influence of technology on the external market environment:

A. a camera producer finds a way to enable a camera to store digital pictures -- without film.
B. machines are developed to assemble defect-free electronic components.
C. robots on a production line make it possible to lower cost.
D. a manufacturer of frozen food is finding that consumers prefer containers that can go from the freezer direct to a microwave oven.
E. the government passes a law that prohibits use of cell phones while driving a vehicle.

AACSB: 13 Economic environments; 7 Responsibilities
Chapter: 3
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 03 #155
Question Type: Self-Test
Self-Test: Self-Test

156. *(p. 68)* Which of the following is NOT an example of how the technological environment might affect marketing management?

A. A manufacturer uses a computer to send orders directly to a supplier's computer.
B. A retailer installs a computerized checkout scanner to replace a manual cash register system.
C. A firm develops a substitute for saturated fat in manufactured foods.
D. All of the above are examples.
E. None of the above is an example.

AACSB: 13 Economic environments; 9 Value creation
Chapter: 3
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 03 #156
Question Type: Application
Self-Test: No

157. *(p. 68)* AT&T reacted to the popularity of the cellular phone by adding several cellular models to its line of regular phones. Availability and popularity of cellular phones is most likely due to changes in the _____ environments.

A. political and cultural
B. technological and legal
C. legal and economic
D. social and technological
E. all of the above

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Medium
LearnObj: 5
Perreault - Chapter 03 #157
Question Type: Application
Self-Test: No

158. Which of the following statements about the technological environment is NOT TRUE?
(p. 69)

A. The Internet changes how firms communicate with customers.
B. The transfer of technology from one part of the world to another is automatic.
C. A focus on technology may cause firms to develop a production orientation.
D. New technologies create new product-markets.
E. Technology is the application of science to convert an economy's resources to output.

AACSB: 9 Value creation
Chapter: 3
Difficulty: Medium
LearnObj: 5
Perreault - Chapter 03 #158
Question Type: Comprehension
Self-Test: No

159. An emphasis on a single country's interests before everything else is known as
(p. 70)

A. socialism.
B. democracy.
C. nationalism.
D. capitalism.
E. entrepreneurship.

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 03 #159
Question Type: Definition
Self-Test: No

160. In the political environment, an emphasis on a single country's interests before everything else is called:
(p. 70)

A. Elitism.
B. Socialism.
C. Extremism.
D. Regionalism.
E. Nationalism.

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 03 #160
Question Type: Definition
Self-Test: No

161. "Nationalism" is an issue in the _____ environment.
(p. 70)

A. competitive
B. political
C. economic
D. cultural
E. technological

AACSB: 3 Analytical skills
Chapter: 3
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 03 #161
Question Type: Definition
Self-Test: No

162. Which of the following statements about nationalism is NOT TRUE
(p. 70)

A. Nationalism can be limiting in international markets.
B. A "Buy American" policy reflects nationalistic attitudes in the United States.
C. Nationalistic feelings can block all marketing activity in some international markets.
D. Nationalistic feelings always reduce sales.
E. Nationalism emphasizes one country's interests before everything else.

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 03 #162
Question Type: Definition
Self-Test: No

163. A "Buy American" campaign is an example of:
(p. 70)

A. transnationalism.
B. nationalism.
C. environmentalism.
D. consumerism.
E. federalism.

AACSB: 3 Analytical skills
Chapter: 3
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 03 #163
Question Type: Definition
Self-Test: No

164. The North American Free Trade Agreement (NAFTA):
(p. 71)

A. Provides a plan to reshape the rules of trade among Canada, the United States, and Colombia.
B. May eventually expand to include North, South, and Central America.
C. Eliminates the need for companies to adjust strategies.
D. Makes it more difficult to resolve trade disputes among the countries participating in NAFTA.
E. None of the above.

AACSB: 10 Org Dynamics; 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 03 #164
Question Type: Definition
Self-Test: No

165. NAFTA is:
(p. 71)

A. a free-trade pact between the U.S., Canada, and Mexico.
B. a short-term proposition.
C. trying to eliminate most trade barriers with Mexico in the next five years.
D. all of the above.
E. none of the above.

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 03 #165
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

166. Identify the incorrect statement concerning the North American Free Trade Agreement (NAFTA).
(p. 71)

A. NAFTA lays out a plan to reshape the rules of trade among the U.S., Canada, and Mexico.
B. NAFTA enlarges the free-trade pact that had already knocked down most barriers to U.S.-Canada trade.
C. Over a 15-year period, NAFTA will eliminate most barriers to U.S.-Mexico trade.
D. NAFTA lays out a plan that covers all of North, South, and Central America.
E. NAFTA establishes a forum for resolving future trade disputes.

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Hard
LearnObj: 6
Perreault - Chapter 03 #166
Question Type: Comprehension
Self-Test: No

167. Which of the following newspaper headlines would be LEAST likely to involve the political environment?
(p. 71)

A. U.S.-Vietnamese Joint Ventures in the Future.
B. Egg Sales Fall as Consumers Switch to Low Cholesterol Diets.
C. U.S. Signs Trade Agreement with Venezuela.
D. FDA Adopts New Regulations for Generic Drugs.
E. Consumers Urged to "Buy American."

AACSB: 3 Analytical skills
Chapter: 3
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 03 #167
Question Type: Application
Self-Test: No

168. The largest producer of "fuzz-busters" (radar detectors) sees that many states are increasing the penalty for using them. Clearly, this firm's marketing strategy may have to change in response to these changes in the
(p. 71)

A. economic and technological environment.
B. resources and objectives of the firm.
C. competitive environment.
D. political and legal environment.
E. cultural and social environment.

AACSB: 7 Responsibilities
Chapter: 3
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 03 #168
Question Type: Application
Self-Test: No

169. The _____ environment sets the basic rules for how a business can operate in society.
(p. 71)

A. legal
B. social
C. economic
D. technical
E. cultural

AACSB: 7 Responsibilities
Chapter: 3
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 03 #169
Question Type: Definition
Self-Test: No

170. American economic and legislative thinking is based on the idea that
(p. 71)

A. encouraging competition harms public interest.
B. competition among many small firms helps the economy.
C. attempts by business to limit competition aids large firms during recessions.
D. the economic environment provides a base for the technological environment.
E. laws should protect companies and not consumers.

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 03 #170
Question Type: Definition
Self-Test: No

171. American legislative and economic thinking assumes that:
(p. 71)

A. competition among many small firms helps the economy.
B. firms must have their prices approved by the Federal Trade Commission.
C. the free enterprise system is dying.
D. laws are needed to prevent firms from competing with similar ("me-too") products.
E. government officials are needed to run the economy.

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 03 #171
Question Type: Self-Test
Self-Test: Self-Test

172. The early antimonopoly (or "procompetition") laws passed in the United States:
(p. 71-72)

A. include the Federal Trade Commission Act and the Clayton Act.
B. began with the Sherman Act in 1890.
C. affect the 4Ps and marketing mix planning.
D. focus more on protecting competition than protecting consumers.
E. All of the above are true.

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 03 #172
Question Type: Comprehension
Self-Test: No

173. The Sherman Act and the Clayton Act:
(p. 72)

A. were intended to protect large producers.
B. were designed to limit competition.
C. were passed during the rash of corporate takeovers in the 1980s.
D. All of the above are true.
E. None of the above is true.

AACSB: 14 Specific knowledge
Chapter: 3
Difficulty: Hard
LearnObj: 6
Perreault - Chapter 03 #173
Question Type: Comprehension
Self-Test: No

174. The Sherman Act and the Clayton Act:
(p. 72)

A. were intended to protect small producers.
B. were aimed at efforts to restrain trade or lessen competition.
C. were passed before the Depression of the 1930s.
D. All of the above are true.
E. None of the above is true.

AACSB: 14 Specific knowledge
Chapter: 3
Difficulty: Hard
LearnObj: 6
Perreault - Chapter 03 #174
Question Type: Comprehension
Self-Test: No

175. The Sherman Act sought to:
(p. 72)

A. prevent monopolies or conspiracies in restraint of trade.
B. establish the Federal Consumer Protection Agency.
C. eliminate price differences among different competing suppliers.
D. prevent fraud on the Internet.
E. restrict importing into the United States.

AACSB: 14 Specific knowledge
Chapter: 3
Difficulty: Hard
LearnObj: 6
Perreault - Chapter 03 #175
Question Type: Definition
Self-Test: No

176. The Sherman Act is primarily designed to:
(p. 72)

A. prevent monopolies or conspiracies in restraint of trade.
B. stop the flow of foreign products into the United States.
C. prevent unfair or deceptive acts or practices in commerce.
D. reduce price discrimination by manufacturers.
E. eliminate deceptive selling practices.

AACSB: 14 Specific knowledge
Chapter: 3
Difficulty: Hard
LearnObj: 6
Perreault - Chapter 03 #176
Question Type: Definition
Self-Test: No

177. The _____ _____ prohibits monopoly or conspiracy in restraint of trade.
(p. 72)

A. Sherman Act
B. Clayton Act
C. Robinson-Patman Act
D. Antimerger Act
E. Magnuson-Moss Act

AACSB: 7 Responsibilities
Chapter: 3
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 03 #177
Question Type: Definition
Self-Test: No

178. The Clayton Act specifically aims at:
(p. 72)

A. tying contracts.
B. price discrimination by manufacturers.
C. exclusive dealing contracts limiting a buyer's sources of supply.
D. all of the above.
E. none of the above.

AACSB: 14 Specific knowledge
Chapter: 3
Difficulty: Hard
LearnObj: 6
Perreault - Chapter 03 #178
Question Type: Definition
Self-Test: No

179. The ____ prohibits exclusive dealing contracts.
(p. 72)

A. Antimerger Act
B. Clayton Act
C. Magnuson-Moss Act
D. Wheeler-Lea Amendment
E. Federal Trade Commission Act

AACSB: 7 Responsibilities
Chapter: 3
Difficulty: Hard
LearnObj: 6
Perreault - Chapter 03 #179
Question Type: Comprehension
Self-Test: No

180. The Federal Trade Commission Act of 1914 focuses on:
(p. 72)

A. mergers between competitors.
B. unreasonable practices related to product warranties.
C. unfair methods of competition.
D. tying contracts.
E. attempts to monopolize.

AACSB: 7 Responsibilities
Chapter: 3
Difficulty: Hard
LearnObj: 6
Perreault - Chapter 03 #180
Question Type: Definition
Self-Test: No

181. The Sherman Act and the Federal Trade Commission Act:
(p. 72)

A. were passed to make it difficult for small companies to win customers away from large companies.
B. are not taken seriously, since there are no penalties for violations.
C. are quite different, with the FTC Act focusing on stopping deceptive business practices and the Sherman Act focusing on controlling monopolies.
D. are just different names for the same thing--a law proposed by Sherman to establish the Federal Trade Commission.
E. were passed to protect consumers from abuses by business, rather than to protect some businesses from others who had an "unfair" advantage.

AACSB: 7 Responsibilities
Chapter: 3
Difficulty: Hard
LearnObj: 6
Perreault - Chapter 03 #181
Question Type: Comprehension
Self-Test: No

182. The Robinson-Patman Act specifically aims at:
(p. 72)

A. unfair methods of competition.
B. price discrimination.
C. deceptive advertising.
D. firms that rely on salespeople who sell "door to door."
E. attempts to monopolize.

AACSB: 14 Specific knowledge
Chapter: 3
Difficulty: Hard
LearnObj: 6
Perreault - Chapter 03 #182
Question Type: Definition
Self-Test: No

183. When Acme Tools was found guilty of giving one of its retailers lower prices on goods of "like grade and quality" without any cost justification, the firm was charged with a violation of the _____ _____.
(p. 72)

A. Sherman Act
B. Clayton Act
C. Robinson-Patman Act
D. Antimerger Act
E. Wheeler-Lea Amendment

AACSB: 7 Responsibilities
Chapter: 3
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 03 #183
Question Type: Application
Self-Test: No

184. Which of the following laws focuses on price discrimination on goods of "like grade and quality" without a cost justification?
(p. 72)

A. The Fair Prices Act
B. The Robinson-Patman Act
C. The Federal Trade Commission Act
D. The Magnuson-Moss Act
E. There are no laws regulating price discrimination.

AACSB: 7 Responsibilities
Chapter: 3
Difficulty: Hard
LearnObj: 6
Perreault - Chapter 03 #184
Question Type: Comprehension
Self-Test: No

185. The Wheeler-Lea Amendment specifically aims at:
(p. 72)

A. product warranties.
B. product safety.
C. unfair or deceptive practices.
D. tying and exclusive dealing contracts.
E. mergers and acquisitions.

AACSB: 7 Responsibilities
Chapter: 3
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 03 #185
Question Type: Self-Test
Self-Test: Self-Test

186. A carpet cleaning firm runs a newspaper ad stating: "Special this month only! Three rooms of carpet cleaned for $39.95!" In each of the next ten months, the firm runs the same ad. A consumer advocacy group files suit against the carpet cleaning firm, contending that the ad is deceptive. The suit charges that the ad makes it seem as though the $39.95 price is a special price that will increase at the end of the month, when in reality, the price never changes. The U.S. federal law governing this type of situation is the:
(p. 72)

A. Robinson-Patman Act.
B. Clayton Act.
C. Sherman Act.
D. Magnuson-Moss Act.
E. Wheeler-Lea Amendment.

AACSB: 7 Responsibilities
Chapter: 3
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 03 #186
Question Type: Application
Self-Test: No

187. Product warranties are the focus of the _____ Act.
(p. 72)

A. Lemon
B. Magnuson-Moss
C. Sherman
D. Federal Trade Commission
E. Robinson-Patman

AACSB: 7 Responsibilities
Chapter: 3
Difficulty: Hard
LearnObj: 6
Perreault - Chapter 03 #187
Question Type: Definition
Self-Test: No

188. A company would be charged with product warranty violations under:
(p. 72)

A. the Total Quality Management Act
B. the Robinson-Patman Act
C. the Federal Trade Commission Act
D. the Magnuson-Moss Act
E. There are no laws regulating product warranties.

AACSB: 7 Responsibilities
Chapter: 3
Difficulty: Hard
LearnObj: 6
Perreault - Chapter 03 #188
Question Type: Comprehension
Self-Test: No

189. Which of the following laws is primarily concerned with product warranties?
(p. 72)

A. The Sherman Act
B. The Robinson-Patman Act
C. The Federal Trade Commission Act
D. The Magnuson-Moss Act
E. There are no laws regulating product warranties.

AACSB: 14 Specific knowledge
Chapter: 3
Difficulty: Hard
LearnObj: 6
Perreault - Chapter 03 #189
Question Type: Comprehension
Self-Test: No

190. The Magnuson-Moss Act of 1975 focuses on which of the four Ps?
(p. 72)

A. Price
B. Place
C. Promotion
D. People
E. Product

AACSB: 7 Responsibilities
Chapter: 3
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 03 #190
Question Type: Definition
Self-Test: No

191. The Pure Food and Drug Act:
(p. 73)

A. was the first consumer protection law.
B. was passed by Congress in 1906.
C. shifted the focus from "let the buyer beware" to "let the seller beware."
D. bans the shipment of unsanitary products.
E. All of the above.

AACSB: 7 Responsibilities
Chapter: 3
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 03 #191
Question Type: Comprehension
Self-Test: No

192. Pill Makers Pharmaceuticals extensively tests all of its drugs to assure that it follows the _____.
(p. 73)

A. Sherman Act
B. Pure Food and Drug Act
C. Federal Trade Commission Act
D. Magnuson-Moss Act
E. Clayton Act

AACSB: 7 Responsibilities
Chapter: 3
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 03 #192
Question Type: Application
Self-Test: No

193. If Climbing High Ladder Company produced ladders that were unstable and caused many injuries, the ___ has the power to force the company to recall its product.
(p. 73)

A. Consumer Product Safety Commission
B. Food and Drug Administration
C. Federal Trade Commission
D. Environmental Protection Agency
E. Consumer Protection Agency

AACSB: 7 Responsibilities
Chapter: 3
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 03 #193
Question Type: Application
Self-Test: No

194. Safety standards for products such as bicycles are set by the:
(p. 73)

A. Consumer Product Safety Commission.
B. U.S. Department of Transportation.
C. Federal Trade Commission.
D. Environmental Protection Agency.
E. Food and Drug Administration.

AACSB: 7 Responsibilities
Chapter: 3
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 03 #194
Question Type: Definition
Self-Test: No

195. The Consumer Product Safety Commission
(p. 73)

A. does not have any power--it can only advise the FTC.
B. protects small business from large business, rather than protecting consumers.
C. was created by the Pure Food and Drug Act.
D. has no effect on marketing strategy planning until a product is on the market and proved to be dangerous by a government agency.
E. has broad power to set safety standards and penalties for violation of these standards.

AACSB: 7 Responsibilities
Chapter: 3
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 03 #195
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

196. Regarding the current legal environment facing U.S. marketing managers,
(p. 73)

A. state and local laws rarely are important because they are always less restrictive than federal laws.
B. the focus has shifted from "let the seller beware" to "let the buyer beware."
C. the emphasis is now on product innovation.
D. safety is now a big concern and must be considered in product design.
E. All of the above are true.

AACSB: 14 Specific knowledge
Chapter: 3
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 03 #196
Question Type: Comprehension
Self-Test: No

197. Regarding the current legal environment facing U.S. marketing managers:
(p. 72-73)

A. state and local laws vary but contain important regulations.
B. the focus has shifted from "let the buyer beware" to "let the seller beware."
C. product safety is now controlled.
D. businesses and individual managers are subject to both criminal and civil laws.
E. all of the above.

AACSB: 7 Responsibilities
Chapter: 3
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 03 #197
Question Type: Comprehension
Self-Test: No

198. The attitudes and behavior patterns of people are part of the
(p. 73)

A. political environment.
B. social and cultural environment.
C. competitive environment.
D. firm's resources and objectives.
E. economic and technological environment.

AACSB: 5. Diversity understanding
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #198
Question Type: Definition
Self-Test: No

199. *(p. 73)* The languages people speak, the type of education they have, and their religious beliefs are examples of the

A. political environment.
B. economic environment.
C. cultural and social environment.
D. legal environment.
E. technological environment.

AACSB: 5. Diversity understanding
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #199
Question Type: Definition
Self-Test: No

200. *(p. 73)* Which of the following newspaper headlines is MOST LIKELY to be a result of changes in the cultural and social environment?

A. "McDonald's Changes Its Menu to Cater to Low-Carb Dieters."
B. "General Motors Offers Original Equipment Car Stereos with Satellite Radio Service."
C. "Treasury Department Introduces New Currency to Combat Counterfeiters."
D. "New Projection TVs Are Thinner, Lighter that Traditional TVs."
E. "Gasoline Prices Increase Sharply."

AACSB: 9 Value creation
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #200
Question Type: Application
Self-Test: No

201. *(p. 73)* A marketing analyst for a chicken processor reports that a rising percentage of people are eating chicken because it has less fat than beef. Clearly, this firm's opportunities may improve with this change in the

A. technological environment.
B. cultural and social environment.
C. economic environment.
D. political and legal environment.
E. competitive environment.

AACSB: 5. Diversity understanding
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #201
Question Type: Comprehension
Self-Test: No

202. Maria Lopez runs an errand service from her home. For a fee, she will pick up dry cleaning, buy
(p. 73) groceries, plan small parties, and do errands for her customers. The demand for this type of service has increased because of changes in the

A. cultural/social environment.
B. legal environment.
C. technological environment.
D. political environment.
E. none of the above.

AACSB: 5. Diversity understanding
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #202
Question Type: Comprehension
Self-Test: No

203. Consumer emphasis on fitness has created opportunities for firms like Nike, Nautilus and Schwinn, and
(p. 73) illustrates the impact of the changing:

A. technological environment.
B. economic environment.
C. competitive environment.
D. cultural and social environment.
E. political and legal environment.

AACSB: 5. Diversity understanding
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #203
Question Type: Application
Self-Test: No

204. The recent interest in physical fitness has forced producers of food, clothing, and other products to
(p. 73) reconsider their marketing strategies. Which of the following does this trend illustrate?

A. economic and technological environment.
B. cultural and social environment.
C. existing business situation.
D. political and legal environment.
E. resources and objectives of the firm.

AACSB: 5. Diversity understanding
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #204
Question Type: Comprehension
Self-Test: No

205. More women working outside the home and greater interest in leisure are examples of changes in the _____ environment.
(p. 73)

A. technological.
B. cultural and social.
C. economic.
D. legal.
E. competitive.

AACSB: 5. Diversity understanding
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #205
Question Type: Application
Self-Test: No

206. Which of the following is an example of the cultural and social environment?
(p. 73)

A. Growing acceptance of women in business.
B. Growing popularity of exercise.
C. Increased desire for satisfaction with life.
D. All of the above.
E. None of the above.

AACSB: 5. Diversity understanding
Chapter: 3
Difficulty: Medium
LearnObj: 7
Perreault - Chapter 03 #206
Question Type: Application
Self-Test: No

207. Which of the following is least likely a result of shifts in the cultural and social environment?
(p. 73)

A. Domino's Pizza finds that demand for pizza delivered at home has expanded as more consumers are willing to pay for more convenience.
B. A toy manufacturer recalls a playpen with a defective latch and Toys 'R' Us stores remove them from the shelf.
C. Haagen-Dazs introduces a nonfat yogurt that is also "low cal."
D. Sony recruits more women graduates for sales management positions.
E. BMW builds its new plant in South Carolina because of the willingness of "Sun Belt" workers to put in a "full day's work."

AACSB: 7 Responsibilities
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #207
Question Type: Self-Test
Self-Test: Self-Test

208. According to projections, the population of _____ is likely to grow by 13 percent between 2010 and 2025.
(p. 74-75)

A. Japan
B. Russia
C. United States
D. Uganda
E. India

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Medium
LearnObj: 7
Perreault - Chapter 03 #208
Question Type: Definition
Self-Test: No

209. Which of the following observations about population trends is incorrect?
(p. 74)

A. The extent to which a country's population is clustered around urban areas varies a lot from country to country.
B. The trend toward urbanization has made companies more interested in international markets.
C. U.S. population makes up more than 10 percent of total world population.
D. Over the long term population growth is expected in most countries.
E. Less-developed countries experience the fastest population growth rates.

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Hard
LearnObj: 7
Perreault - Chapter 03 #209
Question Type: Definition
Self-Test: No

210. Which of the following statements is/are true?
(p. 74)

A. The United States makes up less than 5 percent of the total world population.
B. In general less-developed countries experience a faster rate of population growth than developed countries.
C. There is a worldwide trend toward urbanization.
D. The world population is now over 6 billion people.
E. All of the above are true.

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #210
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

211. Regarding population growth in the world,
(p. 74-75)

A. population growth in Japan and Europe is even slower than in the U.S.
B. less-developed countries generally experience the fastest growth.
C. the populations of Madagascar and Somalia will likely increase by more than 40 percent between 2010 and 2025 while the populations of the U.S. and Canada will grow by less than 15 percent.
D. All of the above are true.
E. None of the above are true.

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Hard
LearnObj: 7
Perreault - Chapter 03 #211
Question Type: Comprehension
Self-Test: No

212. The greatest growth in the world's population over the next several years will come from:
(p. 75)

A. Western Europe.
B. Middle East and Far East.
C. Australia.
D. Eastern Europe.
E. Russia and nations of the former Soviet bloc.

AACSB: 3 Analytical skills
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #212
Question Type: Definition
Self-Test: No

213. Which of the following countries has the fastest projected population growth between 2010 and 2025?
(p. 74-75)

A. United Kingdom
B. Canada
C. Germany
D. United States
E. Uganda

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Hard
LearnObj: 7
Perreault - Chapter 03 #213
Question Type: Definition
Self-Test: No

214. Which of the following countries is likely to see a population decline from 2010-2025?
(p. 75)

A. Germany
B. Iceland
C. United States
D. United Kingdom
E. China

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Medium
LearnObj: 7
Perreault - Chapter 03 #214
Question Type: Definition
Self-Test: No

215. Identify the incorrect statement about population density and shifts in population.
(p. 74-75)

A. Population density is important to marketers.
B. In Ethiopia, Nepal, and Uganda more than 85 percent of people live in urban areas.
C. People everywhere are moving from rural areas to urban areas.
D. Population is very spread out in many of the African countries.
E. India's population is almost 1.2 billion and is getting larger.

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Hard
LearnObj: 7
Perreault - Chapter 03 #215
Question Type: Application
Self-Test: No

216. Regarding population density in the world,
(p. 74-75)

A. high-population density occurs only in highly developed economies.
B. some Western European and Asian urban areas are more crowded than U.S. urban areas.
C. the United States is the only country with crowded urban areas.
D. there is a worldwide movement back to rural areas.
E. None of the above is true.

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Hard
LearnObj: 7
Perreault - Chapter 03 #216
Question Type: Comprehension
Self-Test: No

217. Which of the following countries has the highest population density?
(p. 75)

A. Switzerland
B. United States
C. Australia
D. Singapore
E. Bangladesh

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Hard
LearnObj: 7
Perreault - Chapter 03 #217
Question Type: Definition
Self-Test: No

218. In 2006, 100 percent of this country's population was in urban areas.
(p. 75)

A. United States
B. Singapore
C. United Kingdom
D. Germany
E. Italy

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Hard
LearnObj: 7
Perreault - Chapter 03 #218
Question Type: Application
Self-Test: No

219. The total market value of goods and services provided in a country's economy per year by both residents and nonresidents of that country is:
(p. 76)

A. Gross domestic product.
B. Gross national product.
C. Gross national income.
D. Gross domestic income.
E. Gross disposable income.

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #219
Question Type: Definition
Self-Test: No

220. ____ refers to the total market value of all goods and services provided in a country's economy in a year by both residents and nonresidents of that country.
(p. 76)

A. Gross output
B. Gross investment
C. Gross national income
D. Gross fixed capital formation
E. Gross domestic product

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Medium
LearnObj: 7
Perreault - Chapter 03 #220
Question Type: Definition
Self-Test: No

221. Gross domestic product (GDP) is the:
(p. 76)

A. total cost of producing all goods and services sold in a year.
B. total market value of goods and services provided in an economy in a year by both residents and nonresidents of that country.
C. total market value of goods (but not services) consumed in an economy in a year.
D. total market value of goods and services consumed in a year.
E. total market value of goods (but not services) produced in an economy in a year.

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #221
Question Type: Definition
Self-Test: No

222. Gross domestic product (GDP) is the:
(p. 76)

A. total market value of goods and services provided in an economy in a year by both residents and nonresidents of that country.
B. manufacturers' selling price of goods (but not services) produced in a year.
C. total market value of goods (but not services) produced in an economy in a year.
D. total market value of goods and services consumed in a year.
E. None of the above.

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #222
Question Type: Definition
Self-Test: No

223. Gross domestic product:
(p. 76)

A. is the total market value of goods, but not services, produced in a year.
B. is an excellent basis for comparing consumer well-being across different cultures and economies.
C. is a widely used measure of income for different countries.
D. All of the above are true.
E. A and B are true.

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Hard
LearnObj: 7
Perreault - Chapter 03 #223
Question Type: Comprehension
Self-Test: No

224. A widely used measure of income in most countries is:
(p. 76)

A. gross domestic product.
B. total consumption expenditures.
C. disposable personal product.
D. population times GDP.
E. socio-economic product.

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #224
Question Type: Comprehension
Self-Test: No

225. Gross domestic product (GDP):
(p. 76)

A. is affected by economic conditions and the productivity of workers in the country.
B. usually rises when there are bad economic conditions in an economy.
C. is the amount of new capital invested in business in a year.
D. is the total cost of producing all goods and services in a year.
E. is the total market value of goods and services consumed in an economy in a year.

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Medium
LearnObj: 7
Perreault - Chapter 03 #225
Question Type: Comprehension
Self-Test: No

226. Comparing GDP for foreign countries can help a marketing manager evaluate potential markets if the manager remembers that:
(p. 76)

A. GDP measures show people's tendency to buy particular products.
B. income tends to be evenly distributed among consumers in most countries.
C. GDP estimates may not be very accurate for very different cultures and economies.
D. GDP measures show the degree of competition in a market.
E. All of the above are true.

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Medium
LearnObj: 7
Perreault - Chapter 03 #226
Question Type: Comprehension
Self-Test: No

227. Regarding gross domestic product (GDP) and gross national income (GNI):
(p. 76)

A. GDP income measures can give the impression that people in less-developed nations have more income than they really do.
B. GDP includes foreign income earned in a country, but GNI does not.
C. Both GDP and GNI are widely used measures of national income.
D. All of the above are true.
E. A and B are true, but not C.

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #227
Question Type: Self-Test
Self-Test: Self-Test

228. Gross national income (GNI) is the:
(p. 76)

A. total cost of producing all goods and services sold in a year.
B. total market value of goods and services provided in an economy in a year by residents of that country.
C. total market value of goods (but not services) consumed in an economy in a year.
D. total market value of goods and services consumed in a year.
E. total market value of goods (but not services) produced in an economy in a year.

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #228
Question Type: Definition
Self-Test: No

229. Gross national income (GNI) is the:
(p. 76)

A. total market value of goods and services provided in an economy in a year by residents of that country.
B. manufacturers' selling price of goods (but not services) produced in a year.
C. total market value of goods (but not services) produced in an economy in a year.
D. total market value of goods and services consumed in a year.
E. None of the above.

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #229
Question Type: Definition
Self-Test: No

230. Gross national income:
(p. 76)

A. is the total market value of goods, but not services, produced in a year.
B. is an excellent basis for comparing consumer well-being across different cultures and economies.
C. is a widely used measure of income for different countries.
D. All of the above are true.
E. A and B are true.

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Hard
LearnObj: 7
Perreault - Chapter 03 #230
Question Type: Comprehension
Self-Test: No

231. A widely used measure of income in most countries is:
(p. 76)

A. gross national income.
B. total consumption expenditures.
C. disposable personal product.
D. population times GNI.
E. socio-economic product.

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #231
Question Type: Comprehension
Self-Test: No

232. Gross national income (GNI):
(p. 76)

A. is affected by economic conditions and the productivity of workers in the country.
B. usually rises when there are bad economic conditions in an economy.
C. is the amount of new capital invested in business in a year.
D. is the total cost of producing all goods and services in a year.
E. is the total market value of goods and services consumed in an economy in a year.

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Medium
LearnObj: 7
Perreault - Chapter 03 #232
Question Type: Comprehension
Self-Test: No

233. Unlike the GDP, the GNI
(p. 76)

A. includes foreign income.
B. is the total market value of all goods and services provided in a country's economy in a year by nonresidents.
C. includes the income earned by residents who do not own resources in that nation.
D. does not include income earned by foreigners who own resources in that nation.
E. is a measure of regional income.

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Hard
LearnObj: 7
Perreault - Chapter 03 #233
Question Type: Definition
Self-Test: No

234. Identify the incorrect statement pertaining to the GNI per capita.
(p. 75-76)

A. The GNI per capita in the United States is the highest in the world.
B. The GNI per capita is quite high in the United States, Japan, and Germany.
C. The GNI per capita gives some idea of the income level of people in the country.
D. Many managers see great potential in countries where GNI per capita is low.
E. Managers see less competition where GNI per capita is low.

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Medium
LearnObj: 7
Perreault - Chapter 03 #234
Question Type: Definition
Self-Test: No

235. If American firm Boeing sets up a factory in China, then the GDP figure for China _____ include those profits and the GNI _____.
(p. 76)

A. would; would as well.
B. would; would not.
C. would not; also would not.
D. would not; would.
E. would; would only measure actual sales.

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Hard
LearnObj: 7
Perreault - Chapter 03 #235
Question Type: Application
Self-Test: No

236. Which of the following observations concerning different measures of national income is TRUE?
(p. 76)

A. GDP does not include income earned by foreigners who own resources in that nation.
B. Using GNI can give the impression that people in less-developed countries have more income than they really do.
C. GNI per capita is a useful figure because it gives some idea of the income level of people in the country.
D. The less-developed nations account for the biggest share of the world's GDP.
E. GDP is the only measure of national income.

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Hard
LearnObj: 7
Perreault - Chapter 03 #236
Question Type: Comprehension
Self-Test: No

237. Which of the following countries have the HIGHEST GNI PER CAPITA?
(p. 75)

A. Saudi Arabia and Kuwait
B. Mexico and Spain
C. Japan and Switzerland
D. India and China
E. Germany and the United States

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Hard
LearnObj: 7
Perreault - Chapter 03 #237
Question Type: Definition
Self-Test: No

238. Which of the following countries has the highest GNI per capita?
(p. 75)

A. United States
B. India
C. Switzerland
D. Saudi Arabia
E. Venezuela

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #238
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

239. Which of the following countries have the LOWEST GNI PER CAPITA?
(p. 75)

A. Japan and Switzerland
B. Mexico and Spain
C. Ethiopia and Nepal
D. India and Pakistan
E. Germany and the United States

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Hard
LearnObj: 7
Perreault - Chapter 03 #239
Question Type: Definition
Self-Test: No

240. A company trying to market its products in a country that has a low literacy rate would be well advised to:
(p. 76-77)

A. Print its promotional messages in larger font (character) sizes.
B. Conduct marketing research using paper-and-pencil surveys.
C. Use symbols, colors, and other nonverbal means of communication.
D. All of the above.
E. None of the above.

AACSB: 10 Org Dynamics; 9 Value creation
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #240
Question Type: Definition
Self-Test: No

241. Literacy studies show that _____ percent of adults (age 15 or older) cannot read and write.
(p. 77)

A. 10
B. 18
C. 38
D. 50
E. 60

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Hard
LearnObj: 7
Perreault - Chapter 03 #241
Question Type: Definition
Self-Test: No

242. Which of the following countries has the HIGHEST literacy rate?
(p. 75)

A. Finland
B. Venezuela
C. Greece
D. Algeria
E. Morocco

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Hard
LearnObj: 7
Perreault - Chapter 03 #242
Question Type: Definition
Self-Test: No

243. Which of the following countries has the LOWEST literacy rate?
(p. 75)

A. United Kingdom
B. Italy
C. Bangladesh
D. France
E. Egypt

AACSB: 13 Economic environments
Chapter: 3
Difficulty: Hard
LearnObj: 7
Perreault - Chapter 03 #243
Question Type: Definition
Self-Test: No

244. According to estimates, which of the following countries has 100 percent literacy?
(p. 75)

A. Norway
B. Singapore
C. Italy
D. Kuwait
E. China

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Hard
LearnObj: 7
Perreault - Chapter 03 #244
Question Type: Definition
Self-Test: No

245. Which government agency is responsible for tracking the population data in the United States?
(p. 77)

A. Census Bureau of America.
B. Census Institute for America.
C. U.S. Census Agency.
D. U.S. Census Bureau.
E. U.S. Department of the Census.

AACSB: 3 Analytical skills
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #245
Question Type: Definition
Self-Test: No

246. The current U.S. population is LARGEST in which of the following states:
(p. 77)

A. California.
B. Florida.
C. Illinois.
D. New York.
E. Texas.

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #246
Question Type: Definition
Self-Test: No

247. The state with the largest population is
(p. 77)

A. Texas.
B. Nevada.
C. New York.
D. Florida.
E. California.

AACSB: 3 Analytical skills
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #247
Question Type: Definition
Self-Test: No

248. According to the text, which of the following states had the LARGEST projected percentage increase in population between 2000 and 2010?
(p. 77)

A. North Dakota
B. Nevada
C. West Virginia
D. Florida
E. Iowa

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Hard
LearnObj: 7
Perreault - Chapter 03 #248
Question Type: Definition
Self-Test: No

249. The state with the largest percentage increase in population between 2000 and 2010 is:
(p. 77)

A. New York
B. Nevada
C. Illinois
D. South Dakota
E. Michigan

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #249
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

250. The current U.S. population is SMALLEST in which of the following states:
(p. 77)

A. Montana.
B. Nebraska.
C. Oklahoma.
D. Utah.
E. Wyoming.

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #250
Question Type: Definition
Self-Test: No

251. In the period from 2000 to 2010, the population is projected to grow most rapidly in:
(p. 77)

A. the north central states (around the Great Lakes).
B. every state in the U.S.
C. Sun Belt states.
D. the western states.
E. None of the above is true.

AACSB: 3 Analytical skills
Chapter: 3
Difficulty: Hard
LearnObj: 7
Perreault - Chapter 03 #251
Question Type: Definition
Self-Test: No

252. During the next decade, the U.S. population is expected to continue to shift:
(p. 77)

A. away from the Southeast to the Northeast.
B. to the South and West.
C. to the north central states.
D. away from the Northeast to all other parts of the country.
E. away from the West to the East.

AACSB: 3 Analytical skills
Chapter: 3
Difficulty: Medium
LearnObj: 7
Perreault - Chapter 03 #252
Question Type: Definition
Self-Test: No

253. The best marketing opportunity for a consumer products producer is in:
(p. 77)

A. California.
B. Florida.
C. New York.
D. Texas.
E. It depends on the marketing strategy.

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #253
Question Type: Self-Test
Self-Test: Self-Test

254. According to projections about percent growth in population for each state in the U.S., from 2000 to 2010,
(p. 77)

A. the greatest growth is in western states like Nevada, Arizona, Idaho, and Utah.
B. the population growth of New York is expected to lead the nation.
C. the population growth in Georgia, North Carolina, and Virginia is negligible.
D. All of the above.
E. None of the above.

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Hard
LearnObj: 7
Perreault - Chapter 03 #254
Question Type: Definition
Self-Test: No

255. Smart marketers might respond to the changes in the U.S. population by:
(p. 77)

A. targeting customers in international markets to take advantage of faster population growth overseas.
B. targeting areas where there is less population but also fewer competitors.
C. focusing on areas, like the Northeast, where there are large numbers of potential customers.
D. all of the above.
E. none of the above.

AACSB: 9 Value creation
Chapter: 3
Difficulty: Hard
LearnObj: 7
Perreault - Chapter 03 #255
Question Type: Comprehension
Self-Test: No

256. The different rates of population growth are important to marketers for all of the following reasons except
(p. 77)

A. sudden growth in one area may create a demand for many new shopping centers.
B. retailers in growing areas face tougher competition for a smaller number of customers.
C. marketers always look for fast-growing markets.
D. in growing areas, demand may increase so rapidly that profits may be good even in poorly planned facilities.
E. none of the above.

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Medium
LearnObj: 7
Perreault - Chapter 03 #256
Question Type: Comprehension
Self-Test: No

257. A Metropolitan Statistical Area (MSA):
(p. 77-78)

A. must contain one city of 10,000 or more people.
B. is an urbanized area with a population of at least 2,000,000 people.
C. is an integrated economic and social unit with a large population nucleus.
D. usually includes several cities.
E. Both B and D are true.

AACSB: 3 Analytical skills
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #257
Question Type: Definition
Self-Test: No

258. A Metropolitan Statistical Area (MSA):
(p. 77-78)

A. contains one city of 500,000 or more.
B. is an integrated economic and social unit having a large population nucleus.
C. is a consolidated set of cities and suburbs.
D. consists of one or more counties which must contain a total population of at least 2,000,000.
E. Both C and D are required for an area to be designated an MSA.

AACSB: 3 Analytical skills
Chapter: 3
Difficulty: Medium
LearnObj: 7
Perreault - Chapter 03 #258
Question Type: Definition
Self-Test: No

259. A Metropolitan Statistical Area (MSA) is:
(p. 77-78)

A. an area where there has been at least a 15 percent change in the population during the previous 10 years.
B. a city with 250,000 or more people.
C. generally centered on one city or urbanized area of 50,000 or more inhabitants and includes bordering urban areas.
D. a Census Bureau term that corresponds to county-by-county political boundaries.
E. All of the above.

AACSB: 3 Analytical skills
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #259
Question Type: Definition
Self-Test: No

260. A _____ is an integrated economic and social unit with a large population nucleus.
(p. 77-78)

A. Small Urban Unit
B. Consolidated Media Market
C. PRIZM Cluster
D. Consolidated Target Market
E. Metropolitan Statistical Area

AACSB: 3 Analytical skills
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #260
Question Type: Definition
Self-Test: No

261. Which of the following statements is true?
(p. 77-78)

A. A Metropolitan Statistical Area generally centers on one urbanized area of 50,000 or more in population and includes bordering "urban" areas.
B. Some national marketers sell only in the largest Metropolitan Statistical Areas.
C. For most marketers, Metropolitan Statistical Areas are a more useful classification method than political boundaries.
D. All of the above are true statements.
E. None of the above are true statements.

AACSB: 3 Analytical skills
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #261
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

262. Metropolitan Statistical Areas
(p. 78)

A. are attractive to many marketers, but usually are very competitive.
B. are declining in importance.
C. offer lower sales potential than might be suggested by the population base involved.
D. All of the above are true.
E. None of the above is true.

AACSB: 11 Analysis for decisions; 9 Value creation
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #262
Question Type: Comprehension
Self-Test: No

263. Consolidated Metropolitan Statistical Areas (CMSA):
(p. 78)

A. are the "central city" areas of the largest urban areas--such as New York City and Los Angeles.
B. are the largest MSAs--those with a population of more than 1,000,000.
C. are of little interest to marketers because they are defined by political boundaries rather than on some other, more useful, segmenting dimensions.
D. have large populations, but usually are only of interest to marketers who are targeting low income consumers.
E. Both C and D are true.

AACSB: 3 Analytical skills
Chapter: 3
Difficulty: Medium
LearnObj: 7
Perreault - Chapter 03 #263
Question Type: Definition
Self-Test: No

264. A Consolidated Metropolitan Statistical Area
(p. 78)

A. is a group of small towns or cities that, taken together, have a total population of 100,000.
B. is smaller than an MSA.
C. is a large metropolitan statistical area--with over 1 million population.
D. is the central city area of a large city.
E. None of the above is true.

AACSB: 3 Analytical skills
Chapter: 3
Difficulty: Medium
LearnObj: 7
Perreault - Chapter 03 #264
Question Type: Comprehension
Self-Test: No

265. Identify the INCORRECT statement pertaining to Metropolitan Statistica Areas (MSAs).
(p. 78)

A. About 38 percent of all Americans live in the 20 largest CMSAs.
B. MSAs are integrated economic and social units with large population nuclei.
C. MSAs center on a city of 50,000 or more inhabitants and include bordering urban areas.
D. MSAs with a population of below 50,000 inhabitants are called Consolidated Metropolitan Statistical Areas.
E. The U.S. Census Bureau reports data by MSA.

AACSB: 3 Analytical skills
Chapter: 3
Difficulty: Medium
LearnObj: 7
Perreault - Chapter 03 #265
Question Type: Definition
Self-Test: No

266. The median age of the U.S. population
(p. 78)

A. was 37 in 1980.
B. will be about 30 by 2010.
C. is decreasing because the percentage of population in older age groups has decreased.
D. is growing because the percentage of population in older age groups has increased.
E. has not changed since 1980.

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Medium
LearnObj: 7
Perreault - Chapter 03 #266
Question Type: Definition
Self-Test: No

267. Which of the following is NOT an accurate statement about consumer markets in the United States?
(p. 78-79)

A. There are already over 309 million people in the United States.
B. The average age of the U.S. population is rising.
C. The number of people in the 65+ age group will decline very substantially in the next decade.
D. The post-WWII baby boom produced over 25 percent of the U.S. population.
E. The number of people in the 45-64 age group will increase very substantially in this decade.

AACSB: 5. Diversity understanding
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #267
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

268. The move of the "Baby Boomers" into the 45-64 age group has:
(p. 78-79)

A. increased the average age of the population.
B. left many colleges and universities with excess capacity.
C. contributed to increased interest in health and fitness products.
D. All of the above are true.
E. None of the above is true.

AACSB: 5. Diversity understanding
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #268
Question Type: Comprehension
Self-Test: No

269. Regarding the age trends in the U.S. population:
(p. 79)

A. The average age of the U.S. population is increasing.
B. The number of children (under age 5) in the U.S. population is increasing.
C. The number of senior citizens in the over-65 age group is increasing.
D. The oldest "baby boomers" are now reaching retirement age.
E. All of the above.

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #269
Question Type: Definition
Self-Test: No

270. With respect to marketing opportunities that depend on the age distribution of the U.S. population,
(p. 78-79)

A. sales of products targeted at the 18-24 year old group are likely to rise between 2000 and 2010.
B. the size of the 45-64 age group will increase more rapidly between 2000 and 2010 than any other group.
C. sales of products targeted at senior citizens are likely to rise between 2000 and 2010.
D. the average age of the U.S. consumer is rising.
E. All of the above are true.

AACSB: 5. Diversity understanding
Chapter: 3
Difficulty: Hard
LearnObj: 7
Perreault - Chapter 03 #270
Question Type: Comprehension
Self-Test: No

271. Which of the following U.S. marketing managers is about to make a serious mistake?
(p. 78-79)

A. "We are targeting the school age group, since that group is growing faster than any other group."
B. "We are refocusing on senior citizens, since they will be a growing market for many years."
C. "We are developing special swimsuit designs for older women as that market is very large and growing."
D. "Our company is shifting to international markets, where the population will continue to grow at a more rapid rate."
E. None of the above seems headed for a mistake.

AACSB: 5. Diversity understanding
Chapter: 3
Difficulty: Hard
LearnObj: 7
Perreault - Chapter 03 #271
Question Type: Comprehension
Self-Test: No

272. Between 2000 and 2010, the largest projected increase in the U.S. population will occur in the:
(p. 78-79)

A. 45-64 age group.
B. 65 or over age group.
C. 18-24 age group.
D. 25-44 age group.
E. 5-17 age group.

AACSB: 5. Diversity understanding
Chapter: 3
Difficulty: Hard
LearnObj: 7
Perreault - Chapter 03 #272
Question Type: Comprehension
Self-Test: No

273. Which of the following age groups are likely to see a decline in growth rate from 2000-2010?
(p. 79)

A. Under 5
B. 18-24
C. 25-44
D. 45-64
E. 65+

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Medium
LearnObj: 7
Perreault - Chapter 03 #273
Question Type: Definition
Self-Test: No

274. Between 2010 and 2020, the largest projected increase in the U.S. population will occur in the:
(p. 78-79)

A. 5-17 age group.
B. 18-24 age group.
C. 25-44 age group.
D. 45-64 age group.
E. 65 or over age group.

AACSB: 5. Diversity understanding
Chapter: 3
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 03 #274
Question Type: Comprehension
Self-Test: No

275. The size of the population of which of the following age groups is likely to decline from 2010-2020?
(p. 79)

A. Under 5
B. 5-17
C. 18-24
D. 25-44
E. 45-64

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Hard
LearnObj: 7
Perreault - Chapter 03 #275
Question Type: Definition
Self-Test: No

276. In which of the external environments do changes usually occur most slowly?
(p. 79)

A. Cultural and social environment
B. Political and legal environment
C. Resources and objectives of the firm
D. Competitive environment
E. Economic and technological environment

AACSB: 5. Diversity understanding
Chapter: 3
Difficulty: Medium
LearnObj: 7
Perreault - Chapter 03 #276
Question Type: Comprehension
Self-Test: No

277. The first and most important question to ask when evaluating product-market opportunities is:
(p. 79)

A. "How does it fit with our objectives and resources?"
B. "What is the sales forecast for this product?"
C. "How much profit will we make this year?"
D. "How much do we need to invest in this product?"
E. "How far along is our research and development effort in this area?"

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Medium
LearnObj: 8
Perreault - Chapter 03 #277
Question Type: Comprehension
Self-Test: No

278. A firm's product-market screening criteria for evaluating existing plans and possible new opportunities should consider:
(p. 79)

A. the objectives of top management.
B. trends in the marketing environment.
C. the firm's resources.
D. All of the above.
E. Only A and B above.

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Medium
LearnObj: 8
Perreault - Chapter 03 #278
Question Type: Definition
Self-Test: No

279. Product-market screening criteria should:
(p. 79-80)

A. be qualitative.
B. summarize in one place what the firm wants to accomplish.
C. be achievable.
D. be stated in quantitative terms.
E. All of the above.

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Easy
LearnObj: 8
Perreault - Chapter 03 #279
Question Type: Comprehension
Self-Test: No

280. When using screening criteria to evaluate opportunities:
(p. 79-80)

A. Marketers must try to match opportunities to the firm's resources and objectives.
B. Quantitative and qualitative criteria should be considered.
C. Opportunities that are not expected to be profitable after one year of implementation should always be dropped.
D. All of the above.
E. A and B only.

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Easy
LearnObj: 8
Perreault - Chapter 03 #280
Question Type: Definition
Self-Test: No

281. Which of the following is a quantitative screening criteria?
(p. 79-80)

A. increase sales by $100,000.
B. earn 25 percent return on investment.
C. cover all start-up costs in the first year.
D. all of the above are quantitative criteria.
E. all of the above are qualitative criteria.

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Easy
LearnObj: 8
Perreault - Chapter 03 #281
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

282. Which of the following is a QUALITATIVE screening criterion for evaluating opportunities?
(p. 80)

A. Sales target for the firm.
B. Profit target for the firm.
C. Kind of business the firm wants to be in.
D. Return on investment (ROI) target for the firm.
E. None of the above.

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Easy
LearnObj: 8
Perreault - Chapter 03 #282
Question Type: Definition
Self-Test: No

283. When evaluating the potential of possible opportunities (product-market strategies), a marketing manager should:
(p. 81-82)

A. evaluate each opportunity over the life of the project, since short-term losses may hide long-term profitability.
B. avoid using quantitative criteria because they tend to oversimplify the problem.
C. look at each opportunity on its own, since there is no good way to compare different plans.
D. look only at internal resources, since they are controllable.
E. All of the above are true.

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Medium
LearnObj: 8
Perreault - Chapter 03 #283
Question Type: Comprehension
Self-Test: No

284. The marketing manager for Lucky Grains cereals is forecasting potential lifetime sales, costs, and profitability for a potential new product -- Lucky Rice Squares. The marketing manager is using ____ to evaluate this opportunity.
(p. 82)

A. cost plus assessment
B. operating margins screen
C. industry attractiveness matrix
D. strategic planning grid
E. total profit approach

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Hard
LearnObj: 8
Perreault - Chapter 03 #284
Question Type: Integrating
Self-Test: No

285. A total profit approach to evaluating product-market strategic plans
(p. 82)

A. will not work if the plans are for the same number of years.
B. will be most useful when the plans require very different levels of investment.
C. may support a particular plan even if it generates poor profits in some years.
D. Both A and B are true.
E. None of the above is true.

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Medium
LearnObj: 8
Perreault - Chapter 03 #285
Question Type: Comprehension
Self-Test: No

286. The "total profit" approach to evaluating possible product-market strategic plans:
(p. 82)

A. is the best approach to use.
B. cannot be used to compare possible plans unless they are very similar.
C. may support a plan that is not the most profitable in the short run.
D. requires only sales forecasts for the life of possible plans.
E. All of the above are true.

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Medium
LearnObj: 8
Perreault - Chapter 03 #286
Question Type: Comprehension
Self-Test: No

287. When selecting among possible product-market strategic plans,
(p. 82)

A. the total profit approach tends to support plans that will be profitable in the short term even if longer term profits would be higher with another plan.
B. the total profit approach requires estimates of sales, costs, and profits.
C. managers can evaluate only one plan at a time.
D. All of the above are true.
E. None of the above is true.

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Medium
LearnObj: 8
Perreault - Chapter 03 #287
Question Type: Comprehension
Self-Test: No

288. General Electric's "strategic planning grid" is an approach for:
(p. 82)

A. evaluating possible marketing objectives.
B. selecting target markets.
C. evaluating existing and possible plans.
D. developing new products.
E. developing marketing mixes.

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Easy
LearnObj: 8
Perreault - Chapter 03 #288
Question Type: Definition
Self-Test: No

289. The _____ dimension of the GE grid helps managers answer the question: Does this product-market plan look like a good idea?
(p. 83)

A. business strengths
B. quantitative criteria
C. industry attractiveness
D. relative positioning
E. qualitative criteria

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Medium
LearnObj: 8
Perreault - Chapter 03 #289
Question Type: Comprehension
Self-Test: No

290. The business strengths dimension of the GE grid focuses on:
(p. 83)

A. market diversity.
B. the question: Does this product-market plan look like a good idea?
C. the ability of the company to pursue a product-market plan effectively.
D. industry profitability.
E. the social and legal environment.

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Medium
LearnObj: 8
Perreault - Chapter 03 #290
Question Type: Comprehension
Self-Test: No

291. With General Electric's strategic planning grid:
(p. 82)

A. the industry attractiveness dimension focuses on the ability of the company to pursue a product-market plan effectively.
B. managers must follow an objective, single-factor approach.
C. the business strengths dimension focuses on whether this product-market plan looks like a good idea.
D. managers make three-part judgments about the business strengths and industry attractiveness of all proposed or existing product-market plans.
E. opportunities that fall into the red boxes are the firm's best growth opportunities.

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Hard
LearnObj: 8
Perreault - Chapter 03 #291
Question Type: Comprehension
Self-Test: No

292. General Electric's "strategic planning grid":
(p. 82-83)

A. focuses on market share and market growth rate.
B. ignores some important issues--such as competitive structure and the environmental impact of a plan.
C. requires that all opportunities be judged either "High" or "Low."
D. substitutes quantitative estimates for management judgment.
E. None of the above is true.

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Medium
LearnObj: 8
Perreault - Chapter 03 #292
Question Type: Comprehension
Self-Test: No

293. General Electric's "strategic planning grid":
(p. 82-83)

A. substitutes precise quantitative estimates for management judgment and intuition.
B. places too much emphasis on industry attractiveness, almost ignoring the firm's own business strengths.
C. emphasizes market share and market growth rate.
D. is oversimplified in that it assumes all opportunities must be either "good" or "bad."
E. None of the above is a true statement.

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Easy
LearnObj: 8
Perreault - Chapter 03 #293
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

294. Using General Electric's "strategic planning grid," an opportunity rated "medium" in terms of industry attractiveness and "medium" in terms of business strengths would be evaluated as:
(p. 82-83)

A. yellow--borderline.
B. red--for no growth.
C. green--for growth.
D. could be yellow, red, or green--because the grid really doesn't deal with "medium" ratings.

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Medium
LearnObj: 8
Perreault - Chapter 03 #294
Question Type: Application
Self-Test: No

295. Using General Electric's "strategic planning grid," an opportunity rated "medium" in terms of industry attractiveness and "high" in terms of business strengths would be evaluated as:
(p. 82-83)

A. yellow--borderline.
B. red--for no growth.
C. green--for growth.
D. could be yellow, red, or green--because the grid suggests that opportunities with medium ratings need more analysis.

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Medium
LearnObj: 8
Perreault - Chapter 03 #295
Question Type: Application
Self-Test: No

296. According to the General Electric strategic planning grid, a business that is the strongest in its industry:
(p. 82-83)

A. should still be considered as a "no-growth" prospect unless the industry attractiveness is high.
B. is a good prospect, provided the industry has at least medium attractiveness.
C. should automatically receive a large investment.
D. All of the above are true.
E. None of the above is true.

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Easy
LearnObj: 8
Perreault - Chapter 03 #296
Question Type: Self-Test
Self-Test: Self-Test

297. According to the General Electric strategic planning grid, an opportunity which is low on the "business strengths" dimension but high on the "industry attractiveness" should be:
(p. 82-83)

A. called a strategic business unit.
B. supported if it is an existing business, but probably not supported if it is a new opportunity.
C. immediately supported with large investment.
D. sold off or discontinued.
E. viewed as a "green" (high growth) opportunity.

AACSB: 11 Analysis for decisions
Chapter: 3
Difficulty: Medium
LearnObj: 8
Perreault - Chapter 03 #297
Question Type: Comprehension
Self-Test: No

298. General Electric's "strategic planning grid":
(p. 83)

A. focuses on market share and market growth rate.
B. requires subjective judgments about business strengths and industry attractiveness.
C. requires that all opportunities be judged either "High" or "Low."
D. substitutes quantitative estimates for management judgment.
E. All of the above are true.

AACSB: 10 Org Dynamics; 11 Analysis for decisions
Chapter: 3
Difficulty: Medium
LearnObj: 8
Perreault - Chapter 03 #298
Question Type: Comprehension
Self-Test: No

299. GE's planning grid approach
(p. 83)

A. doesn't work because different managers usually come to different conclusions given the subjective evaluations involved.
B. is really the same thing as the total profit approach.
C. overemphasizes short term profitability.
D. is superficial because it considers only size and expected market share, and ignores other possibly important factors.
E. could be adapted easily by another firm with different objectives.

AACSB: 9 Value creation
Chapter: 3
Difficulty: Medium
LearnObj: 8
Perreault - Chapter 03 #299
Question Type: Comprehension
Self-Test: No

300. Identify the incorrect statement pertaining to multiproduct firms.
(p. 83-84)

A. They have a more difficult strategic planning job than firms with only a few products or product lines.
B. They have to develop strategic plans for very different businesses.
C. They have to balance plans and resources so the whole company reaches its objectives.
D. They have to get needed resources without milking some businesses and eliminating others.
E. They may form strategic business units.

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Medium
LearnObj: 8
Perreault - Chapter 03 #300
Question Type: Definition
Self-Test: No

301. Organizational units (within a larger company) which focus their efforts on selected product-markets and are treated as separate profit centers are called:
(p. 83)

A. marketing departments.
B. SPMs.
C. functional departments.
D. strategic business units.
E. BTUs.

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Easy
LearnObj: 8
Perreault - Chapter 03 #301
Question Type: Definition
Self-Test: No

302. The Tennis Products Group is a an organizational unit within Sporting Goods for America Company (SGA) that focuses on the design, production, marketing, and sales of tennis balls, tennis racquets, and other tennis-related products. Tennis Products Group is a ____ for SGA.
(p. 83)

A. functional unit.
B. strategic alliance partner.
C. portolio group.
D. franchise unit.
E. strategic business unit.

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Medium
LearnObj: 8
Perreault - Chapter 03 #302
Question Type: Application
Self-Test: No

303. A marketing manager in a large corporation wrote the company's president a memo in which she said: "The performance of our SBU has improved." An "SBU" is a:
(p. 83)

A. struggling business unit.
B. small business unit.
C. selective branding unit.
D. strategic business unit.
E. secondary bidding unit.

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Easy
LearnObj: 8
Perreault - Chapter 03 #303
Question Type: Definition
Self-Test: No

304. Strategic business units:
(p. 83-84)

A. Are not treated as separate profit centers.
B. Are organizational units within a larger company.
C. Should receive an equal amount of attention and resources.
D. Should never be dropped or sold.
E. None of the above.

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Easy
LearnObj: 8
Perreault - Chapter 03 #304
Question Type: Definition
Self-Test: No

305. Which of the following statements concerning strategic business units (SBUs) is NOT TRUE.
(p. 83-84)

A. SBUs are organizational units within a larger company.
B. SBUs are treated as separate profit centers.
C. SBUs focus on some product-markets.
D. By forming SBUs, a company acknowledges its similar business lines.
E. SBUs that produce only average profits should be allowed to generate profits to support SBUs with better growth prospects.

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Medium
LearnObj: 8
Perreault - Chapter 03 #305
Question Type: Comprehension
Self-Test: No

306. According to the "continuum of environmental sensitivity":
(p. 84-85)

A. industrial products usually need to be adapted to foreign markets more than consumer products.
B. consumer products that are linked to other social or cultural variables are easily adaptable to foreign markets and thus involve very little risk in international marketing.
C. it is extremely risky to market basic commodities in international markets.
D. some products are more adaptable to foreign markets than others--and thus may be less risky.
E. All of the above are true statements.

AACSB: 9 Value creation
Chapter: 3
Difficulty: Easy
LearnObj: 8
Perreault - Chapter 03 #306
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

307. The "continuum of environmental sensitivity" suggests that:
(p. 84-85)

A. some products are more adaptable to international markets than others.
B. it is extremely risky to sell basic commodities in international markets.
C. industrial products need to be adapted more than consumer products for international markets.
D. All of the above are true.
E. None of the above is true.

AACSB: 9 Value creation
Chapter: 3
Difficulty: Medium
LearnObj: 8
Perreault - Chapter 03 #307
Question Type: Comprehension
Self-Test: No

308. According to the "continuum of environmental sensitivity," which of the following types of products are less sensitive to environmental changes?
(p. 84-85)

A. "Faddy" type consumer products
B. Industrial products
C. Basic commodity-type consumer products
D. Consumer products that are linked to cultural variables
E. All of the above are equally sensitive to environmental changes.

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Medium
LearnObj: 8
Perreault - Chapter 03 #308
Question Type: Comprehension
Self-Test: No

309. Which of the following types of products is LEAST sensitive to environmental changes, according to the "continuum of environmental sensitivity"?
(p. 84-85)

A. Industrial products.
B. Commodity-type consumer products.
C. Consumer products linked to cultural variables.
D. "Me-too" products.
E. Fad products.

AACSB: 3 Analytical skills
Chapter: 3
Difficulty: Easy
LearnObj: 8
Perreault - Chapter 03 #309
Question Type: Definition
Self-Test: No

310. According to the "continuum of environmental sensitivity," which of the following types of products would be most sensitive to environmental changes?
(p. 85)

A. Consumer products that are basically commodities--like gasoline
B. Industrial products
C. Consumer products that are tied to cultural differences--like diet colas
D. Manufacturing products
E. Engineering products

AACSB: 10 Org Dynamics
Chapter: 3
Difficulty: Medium
LearnObj: 8
Perreault - Chapter 03 #310
Question Type: Comprehension
Self-Test: No

ch3 Summary

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AACSB: 10 Org Dynamics; 13 Economic environments	5
AACSB: 10 Org Dynamics; 9 Value creation	3
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AACSB: 11 Analysis for decisions; 9 Value creation	5
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AACSB: 9 Value creation	15
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Difficulty: Medium	82
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LearnObj: 5	25
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