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Chapter 2 The External Marketing Environment

1) GDP is the total value of goods and services imported into a country on an annual basis.
Answer: FALSE
Diff: 2 Type: TF Page Ref: 30
Skill: Recall

2) The Bank of Canada sets its interest rate to control inflation rates.
Answer: TRUE
Diff: 3 Type: TF Page Ref: 32
Skill: Recall

3) During periods of inflation, consumers' purchasing power declines.
Answer: TRUE
Diff: 2 Type: TF Page Ref: 32
Skill: Recall

4) When the value of the Canadian dollar is lower than that of the U.S. dollar, the demand for Canadian-produced goods in the United States diminishes.
Answer: FALSE
Diff: 3 Type: TF Page Ref: 32
Skill: Applied

5) The sales of houses and automobiles are positively influenced by a reduction in inflation.
Answer: TRUE
Diff: 3 Type: TF Page Ref: 32
Skill: Applied

6) If inflation rises, a $50,000 income in 2006 will buy more than it would have the year before.
Answer: FALSE
Diff: 3 Type: TF Page Ref: 32
Skill: Applied

7) During a recession, a company like lululemon should take a more cautious approach in new store openings.
Answer: TRUE
Diff: 2 Type: TF Page Ref: 32-33
Skill: Applied

8) Molson's and Labatt's dominance of the Canadian beer market represents a monopoly.
Answer: FALSE
Diff: 1 Type: TF Page Ref: 33
Skill: Applied

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9) In a purely competitive market such as the financial services market, a new competitor has little effect on price of services.
Answer: TRUE
Diff: 3 Type: TF Page Ref: 34
Skill: Applied

10) Product innovation and aggressive promotion strategies are used by firms whose products are competing indirectly.
Answer: FALSE
Diff: 3 Type: TF Page Ref: 34 -35
Skill: Recall

11) A market follower is rarely satisfied with its market share position.
Answer: FALSE
Diff: 1 Type: TF Page Ref: 37
Skill: Recall

12) A microwave oven with essentially the same features as its main competitor can successfully compete by having flexible price points.
Answer: FALSE
Diff: 3 Type: TF Page Ref: 34
Skill: Applied

13) Competition between a local theatre and a health club is direct competition.
Answer: FALSE
Diff: 2 Type: TF Page Ref: 35
Skill: Applied

14) The markets for agricultural products such as corn, wheat, and pork are good examples of pure competition.
Answer: TRUE
Diff: 2 Type: TF Page Ref: 34
Skill: Applied

15) Pepsi-Cola's comparison with Coca-Cola in their marketing efforts demonstrated Pepsi-Cola's position as a market challenger.
Answer: TRUE
Diff: 2 Type: TF Page Ref: 37
Skill: Applied

16) Aquafresh, Sensodyne, and Oral-B Rembrandt toothpaste are all examples of market followers.
Answer: TRUE
Diff: 2 Type: TF Page Ref: 38
Skill: Applied

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17) More Canadians than ever before are moving to rural areas.
Answer: FALSE
Diff: 2 Type: TF Page Ref: 42
Skill: Recall

18) The people born in the mini-boom that occurred in the late 1980s are referred to as the "echo-boom" generation.
Answer: TRUE
Diff: 2 Type: TF Page Ref: 41
Skill: Recall

19) Essentially, families are getting larger and more traditional in structure.
Answer: FALSE
Diff: 2 Type: TF Page Ref: 42
Skill: Recall

20) An individual born in 1968 is part of the "baby bust" generation.
Answer: TRUE
Diff: 1 Type: TF Page Ref: 41
Skill: Applied

21) The Asian population in the greater Vancouver area is an example of a subculture.
Answer: TRUE
Diff: 1 Type: TF Page Ref: 45
Skill: Applied

22) The sandwich generation is so named because their fast-paced lifestyles have them consuming greater quantities of fast-food products, such as submarine sandwiches and burgers.
Answer: FALSE
Diff: 2 Type: TF Page Ref: 43
Skill: Recall

23) The economic prosperity of the early part of the millennium has increased the spending power of the average Canadian consumer.
Answer: FALSE
Diff: 2 Type: TF Page Ref: 43
Skill: Recall

24) The demand for higher education is delaying the age of marriage in Canada.
Answer: TRUE
Diff: 2 Type: TF Page Ref: 45
Skill: Applied

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25) To secure future success, companies must recognize Canada's cultural diversity by targeting and meeting the needs of various ethnic groups.
Answer: TRUE
Diff: 2 Type: TF Page Ref: 45-46
Skill: Recall

26) The traditional 40-hour work week is a myth.
Answer: TRUE
Diff: 1 Type: TF Page Ref: 38
Skill: Recall

27) Although the Canadian business community is working toward it, socially responsible marketing is not valued by consumers.
Answer: FALSE
Diff: 2 Type: TF Page Ref: 39
Skill: Recall

28) Mass customization is a system that can personalize messages to a target audience of one.
Answer: TRUE
Diff: 1 Type: TF Page Ref: 49
Skill: Recall

29) Marketing communications budgets are redirecting funds from traditional media (television, radio, newspaper, magazine, and outdoor advertising) to technology-based, direct consumer communications.
Answer: TRUE
Diff: 2 Type: TF Page Ref: 48-49
Skill: Recall

30) E-commerce has been widely adopted by marketers because of the growing use of tablets and smartphones.
Answer: TRUE
Diff: 2 Type: TF Page Ref: 49
Skill: Recall

31) Trends indicate that e-commerce has reached a plateau in Canada.
Answer: FALSE
Diff: 2 Type: TF Page Ref: 49
Skill: Recall

32) As of the 2013, the Internet accounts for the greatest percentage of time that Canadians spend interacting with media.
Answer: TRUE
Diff: 2 Type: TF Page Ref: 48
Skill: Recall

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33) The principal responsibility of Industry Canada is to administer the Competition Act.
Answer: TRUE
Diff: 1 Type: TF Page Ref: 50
Skill: Recall

34) The Consumer Packaging Labelling Act, the Textile Labelling Act, and the Weights and Measures Act are the domain of the Bureau of Corporate Affairs.
Answer: FALSE
Diff: 2 Type: TF Page Ref: 51
Skill: Recall

35) PIPEDA has major implications for companies that use CRM strategies.
Answer: TRUE
Diff: 3 Type: TF Page Ref: 50-51
Skill: Applied

36) The Canadian Marketing Association has introduced self-regulation to prevent monopolistic competition.
Answer: FALSE
Diff: 2 Type: TF Page Ref: 51
Skill: Recall

37) What is the best description of gross domestic product?
A) The total value of goods and services produced annually in a country.
B) The total value of goods and services available for sale in domestic markets.
C) The total value of goods and services imported annually into a country.
D) The total value of goods and services exported annually from a country.
E) The total value of goods and services produced by a domestic manufacturer.
Answer: A
Diff: 2 Type: MC Page Ref: 30
Skill: Recall

38) What external influences affect the marketing mix?
A) the competition, the economy, and the distribution channels
B) social and demographic trends, public relations, and technology
C) product, price, and place
D) technology, laws and regulations, and the economy
E) laws and regulation, profit share, and pricing policies
Answer: D
Diff: 2 Type: MC Page Ref: 29-30
Skill: Recall

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39) How will the purchasing power of an income of $30,000 be affected if inflation increases?
A) It will be able to buy more.
B) It will be taxed more.
C) It will be taxed less.
D) It will be worth more than $30,000.
E) It will be able to buy less.
Answer: E
Diff: 2 Type: MC Page Ref: 32
Skill: Recall

40) What does the term "disposable income" refer to?
A) One's actual income before taxes.
B) One's actual income after taxes.
C) One's actual income after taxes and other expenses.
D) One's income available for all expenses.
E) One's income available for necessary expenses.
Answer: C
Diff: 2 Type: MC Page Ref: 40
Skill: Recall

41) Why is it important for Canadian marketers to consider the state of the U.S. economy as an important factor of the external marketing environment?
A) The United States is Canada's largest trading partner.
B) Most Canadian businesses are managed out of the United States.
C) Canada's negative trade balance is due to U.S. policy.
D) Laws in the United States supersede Canadian business law.
E) Eighty-one percent of U.S. exports are purchased by Canadians.
Answer: A
Diff: 3 Type: MC Page Ref: 31
Skill: Applied

42) When the Canadian dollar is worth 0.85 U.S. dollars, what is the effect on Canadian-produced goods?
A) They are attractive to U.S. buyers because they are a lower price than U.S.-produced goods.
B) They are unattractive to U.S. buyers because they risk supporting a weak economy.
C) They are unattractive to U.S. buyers because they are a higher price than U.S.-produced goods.
D) They are attractive to U.S. buyers because the higher Canadian quality justifies the high prices.
E) They are unattractive to U.S. buyers because they are subject to tariffs and duties.
Answer: A
Diff: 3 Type: MC Page Ref: 31
Skill: Applied

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43) What are the most important indicators for assessing the state of the Canadian economy?
A) GDP, the unemployment rate, trade balance, value of the Canadian dollar in terms of U.S. dollars
B) GDP, annual interest rate, the U.S. economy
C) interest rates, GDP, inflation
D) value of the Canadian dollar, inflation, trade with China
E) imports, the U.S. economy, interest rates
Answer: A
Diff: 3 Type: MC Page Ref: 30-32
Skill: Applied

44) The inflation level in 2014 was 1%, and Samantha Gibbons was just told her annual 2014 salary of $45,000 was not going to increase in 2015. How will this affect Samantha?
A) She will suffer from economic recession
B) She will be able to purchase less.
C) She will suffer from inflation.
D) She will have reduced disposable income.
E) Her purchasing power will inflate.
Answer: B
Diff: 3 Type: MC Page Ref: 32
Skill: Applied

45) Which of the following would have the *greatest* positive impact on your U.S. vacation plans?
A) The U.S. experiences a recession.
B) The North American Free Trade Agreement is terminated.
C) Your airline merges with a European carrier.
D) The value of the Canadian dollar relative to the U.S. dollar increases by 5 cents.
E) The value of the Canadian dollar drops by 5 cents relative to the U.S. dollar.
Answer: D
Diff: 3 Type: MC Page Ref: 31 -32
Skill: Applied

46) Which of the following is an example of an economic condition that will influence a firm's marketing activity?
A) Interest rates will decrease next year.
B) The birth rate will decline next year.
C) The rise in education levels will continue.
D) The role of women in society is changing.
E) Technology will continue to advance at a rapid pace.
Answer: A
Diff: 2 Type: MC Page Ref: 30 - 33
Skill: Applied

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47) What kind of market structure is an oligopoly?
A) One where one firm serves an entire market.
B) One where many firms market essentially the same products.
C) One where a few large firms dominate the market.
D) One where many firms offer products with unique features and prices.
E) One where only a few products are sold.
Answer: C
Diff: 1 Type: MC Page Ref: 33
Skill: Recall

48) What kind of market structure is pure competition?
A) One where there are few firms.
B) One where the difference between one company's product over another company's product is not that clear to consumers.
C) One where one firm serves the market.
D) One where firms offer a unique marketing mix based on price and other variables.
E) One where products are clearly distinguished by brand names.
Answer: B
Diff: 2 Type: MC Page Ref: 33
Skill: Recall

49) Which type of Canadian market is regulated by the government to ensure that market control is limited?
A) oligopoly
B) pure competition
C) monopoly
D) monopolistic competition
E) direct competition
Answer: C
Diff: 2 Type: MC Page Ref: 33
Skill: Recall

50) What is the term for a competitive strategy from substitute products offering the same benefits to customers?
A) pure competition
B) indirect competition
C) free enterprise
D) alternate competition
E) direct competition
Answer: B
Diff: 2 Type: MC Page Ref: 35
Skill: Recall

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51) What is the best definition of market share?
A) profit of one competitor expressed as a % of the total industry profit
B) total sales volume of all competitors
C) sales volume of one competitor expressed as a % of the leader's sales
D) total market sales volume divided by the number of competitors
E) sales volume of one competitor expressed as a % of the total market sales
Answer: E
Diff: 3 Type: MC Page Ref: 37
Skill: Recall

52) A brand that has entered the market late and is content for its market share to be lower than a more dominant brand is called a
A) market laggard.
B) status quo brand.
C) nicher.
D) challenger.
E) market follower.
Answer: E
Diff: 2 Type: MC Page Ref: 37
Skill: Recall

53) What is the term for concentrating resources in one distinguishable segment of the market?
A) market laggard
B) market challenger
C) market follower
D) market nicher
E) market leader
Answer: D
Diff: 2 Type: MC Page Ref: 38
Skill: Recall

54) Molson and Labatt breweries control over two-thirds of the Canadian beer market. What kind of market structure are they part of?
A) monopoly
B) partnership alliance
C) strategic alliance
D) monopolistic competition
E) oligopoly
Answer: E
Diff: 2 Type: MC Page Ref: 33
Skill: Applied

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55) What market structure are laundry detergent and candy bars part of?
A) pure competition
B) monopoly
C) open
D) monopolistic competition
E) oligopoly
Answer: D
Diff: 2 Type: MC Page Ref: 33
Skill: Applied

56) The diversity of brands in the toothpaste market is characteristic of which kind of market structure?
A) monopolistic competition
B) pure competition
C) indirect competition
D) diverse competition
E) oligopoly
Answer: A
Diff: 2 Type: MC Page Ref: 33
Skill: Applied

57) What type of competition is there between a cola drink and bottled water?
A) alternate competition
B) indirect competition
C) marginal competition
D) head-on competition
E) direct competition
Answer: B
Diff: 2 Type: MC Page Ref: 35
Skill: Applied

58) Which of the following is an example of direct competition?
A) Coca-Cola competing with milk for a share of the beverage market
B) Iam's cat food competing with Meow Mix cat food for share of the cat food market
C) Air Canada competing with VIA Rail for share of the transportation market
D) Wine coolers competing with beer for share of the beverage market
E) Cheerios competing with Dad's Cookies for share of the breakfast food market
Answer: B
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Skill: Applied

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59) What would be the best way to classify Morrison's Shoes, which concentrates only on the oversize footwear market segment?
A) market leader
B) market challenger
C) market specialist
D) market nicher
E) market follower
Answer: D
Diff: 2 Type: MC Page Ref: 38
Skill: Applied

60) How would you classify Subway, which controls two-thirds of the market among submarine sandwich chains?
A) market follower
B) market leader
C) market challenger
D) market controller
E) market nicher
Answer: B
Diff: 1 Type: MC Page Ref: 37
Skill: Applied

61) What is the classification for companies such as 3M, which are strong in product innovation and aggressive in their promotion activity?
A) market leaders
B) market challengers
C) market nichers
D) market followers
E) market innovators
Answer: A
Diff: 2 Type: MC Page Ref: 37
Skill: Applied

62) Ford, GM, and Chrysler concentrate their efforts on aggressive marketing efforts to gain market leadership. What competitive position do these firms have?
A) market nichers
B) market leaders
C) market innovators
D) market challengers
E) market followers
Answer: D
Diff: 3 Type: MC Page Ref: 37
Skill: Applied

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63) Porter Airlines offers customers commuting flights between Toronto and Ottawa and services not offered by its larger competitors such as complimentary in-flight food and beverages, free shuttle buses, and a complimentary espresso bar and waiting lounge. How would you classify Porter Airlines' competitive position?
A) leader
B) monopolistically competitive
C) market nicher
D) customer relationship specialization
E) rationalization
Answer: C
Diff: 2 Type: MC Page Ref: 38
Skill: Applied

64) What is the term given to the generation of people simultaneously trying to take care of dependent children and aging relatives?
A) mini-boomers
B) caregivers
C) sandwich
D) blended family
E) dependers
Answer: C
Diff: 1 Type: MC Page Ref: 43
Skill: Recall

65) What is the name of the demographic group of which Ken and Irene, born in 1949 and 1951 respectively, are members?
A) baby boomer
B) mini-boomer
C) baby buster
D) sandwich generation
E) blended family generation
Answer: A
Diff: 2 Type: MC Page Ref: 41
Skill: Applied

66) The greying population in Canada is an example of which of the following forces?
A) competitive
B) legal
C) technological
D) economic
E) demographic
Answer: E
Diff: 2 Type: MC Page Ref: 40 - 42
Skill: Applied

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67) The concentration of wealth among higher-income groups in Canada is a trend most favourable to marketers of which of the following?
A) home-care services
B) ethnic cuisine
C) pharmaceuticals
D) town houses
E) Rolex watches
Answer: E
Diff: 2 Type: MC Page Ref: 44
Skill: Applied

68) What is a CMA?
A) central management aspect
B) central marketing area
C) Canadian metropolitan area
D) census metropolitan area
E) Canadian marketing area
Answer: D
Diff: 1 Type: MC Page Ref: 42
Skill: Recall

69) Home Depot's choice to strengthen its marketing by focusing on "breaking down the gender barrier and on appealing to culturally diverse market segments" demonstrates its consideration of which type of environmental force?
A) demographic
B) competitive
C) technological
D) legal
E) economic
Answer: A
Diff: 2 Type: MC Page Ref: 30
Skill: Applied

70) What was the single greatest factor contributing to population growth in Canada between 2001 and 2006?
A) economic growth
B) death rates
C) immigration
D) birth rates
E) improved health care
Answer: C
Diff: 2 Type: MC Page Ref: 41
Skill: Recall

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71) Given the forecasts regarding the aging trends of the Canadian population, which of the following product segments is likely to grow the most?
A) products that extend longevity and vitality
B) toys
C) infant products
D) educational services and products
E) fashion clothing and accessories
Answer: A
Diff: 2 Type: MC Page Ref: 41
Skill: Applied

72) The trend toward the increasing use of online and mobile media is especially important to the marketer targeting
A) the sandwich generation.
B) the baby boomers.
C) blended families.
D) the grey market.
E) Generation Z.
Answer: E
Diff: 2 Type: MC Page Ref: 41
Skill: Applied

73) Which regulation governs company collection and use of customer information?
A) Consumer Affairs Act
B) Canadian Marketing Association Act
C) Competition Act
D) PIPEDA
E) Industry Canada
Answer: D
Diff: 2 Type: MC Page Ref: 50 - 51
Skill: Applied

74) The growing success of drive-thrus, frozen prepared meals, and other such conveniences are a result of which environmental force?
A) food safety laws
B) lifestyle changes
C) technology improvements
D) declining disposable income
E) demographics
Answer: B
Diff: 2 Type: MC Page Ref: 38
Skill: Applied

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75) What is the ultimate goal of CRM marketing?
A) to simplify the collection of market research information
B) to develop market strategies for each customer
C) to reduce the costs of acquiring a new customer
D) to mass market via computers
E) to zero in on a market niche
Answer: B
Diff: 3 Type: MC Page Ref: 48
Skill: Recall

76) What is the strategy where companies customize products to meet the precise needs of customers?
A) target of one
B) niche product
C) personal service
D) mass customization
E) bull's eye
Answer: D
Diff: 2 Type: MC Page Ref: 49
Skill: Applied

77) Which of the following trends in media usage is driving marketing now?
A) integrated media
B) targeted TV
C) online sales
D) television growth
E) Internet usage
Answer: E
Diff: 2 Type: MC Page Ref: 49
Skill: Recall

78) Marketing communications are emphasizing direct communication with individuals through which of the following media?
A) magazines
B) newspapers
C) television
D) radio
E) digital media
Answer: E
Diff: 2 Type: MC Page Ref: 48 -49
Skill: Recall

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79) Loyalty programs, such as Shoppers Drug Mart's Optimum points, encourage loyal purchasing behaviour. Loyalty programs are an example of CRM programs. What is the other essential function of these programs?
A) to provide customer information that can be analyzed
B) to provide rewards to the best customers
C) to provide market segmentation of customers
D) to increase sales
E) to enable direct marketing to customers
Answer: A
Diff: 2 Type: MC Page Ref: 48
Skill: Applied

80) What is the most important advantage that online and interactive communications technologies have over traditional communications media?
A) They have been readily adopted by all target markets.
B) They are more easily managed.
C) They enable constant change.
D) They enable two-way communication between the company and its customers.
E) They facilitate the creation of mass communication messages to customers.
Answer: D
Diff: 3 Type: MC Page Ref: 48
Skill: Applied

81) As of 2013, which media do consumers spend the most time with?
A) magazines
B) radio
C) television
D) the Internet
E) newspapers
Answer: D
Diff: 2 Type: MC Page Ref: 48
Skill: Recall

82) Which of the follow media allows marketers to benefit from a dialogue with customers?
A) radio
B) the Internet
C) newspapers
D) television
E) magazines
Answer: B
Diff: 2 Type: MC Page Ref: 48-49
Skill: Recall

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83) Who regulates the legal environment for marketing and other business practices in Canada?
A) Office of Consumer Affairs
B) RCMP
C) Industry Canada
D) provincial courts
E) PIPEDA
Answer: C
Diff: 2 Type: MC Page Ref: 50
Skill: Recall

84) Which two offices within Industry Canada administer laws, regulations, and policies that influence business and marketing activities?
A) Office of Packaging and Labelling and Bureau of Product Safety
B) Communications Policy Bureau and Bureau of Corporate Affairs
C) Bureau of Consumer Affairs and Bureau of Corporate Affairs
D) Competition Bureau and Office of Consumer Affairs
E) Bureau of Competition Policy and the Bureau of Consumer Affairs
Answer: D
Diff: 2 Type: MC Page Ref: 50
Skill: Recall

85) At a local "home show" visitors are offered a chance to win a $250 gift certificate from a home renovations company. To enter, they must complete a ballot with personal information such as their name, address, telephone number, and also information about their home, whether they own or rent, the age of the home, number of bedrooms, and so on. The information collected is protected by which piece of Canadian legislation?
A) Fair Information Practices Act
B) Personal Information Protection and Electronic Documents Act
C) Corporate Information Control Act
D) Competition Act
E) Privacy Protection Act
Answer: B
Diff: 2 Type: MC Page Ref: 50-51
Skill: Applied

86) Which Industry Canada bureau would investigate a proposed merger between the country's two largest home retailers?
A) Bureau of Communications Policy
B) Competition Bureau
C) Bureau of Fair Competition
D) Office of Consumer Affairs
E) Bureau of Corporate Affairs
Answer: B
Diff: 2 Type: MC Page Ref: 51
Skill: Applied

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87) What is the main role of organizations such as the Canadian Marketing Association and the Canadian Banker's Association?
A) enforcing the legislation created by Industry Canada as it applies to their respective business sectors.
B) becoming redundant as Industry Canada broadens the scope of the legislation it creates
C) creating boards that report to Industry Canada to control specific business sectors.
D) establishing policies and guidelines that their member companies agree to follow
E) advising the Bureau of Corporate Policy before new legislation is created
Answer: D
Diff: 3 Type: MC Page Ref: 51
Skill: Recall

88) If consumers are annoyed by telemarketing calls and have registered with the National Do Not Call List, who should they call to register their complaint?
A) Canadian Marketing Association
B) Office of Consumer Affairs
C) Canadian Radio-television Telecommunications Commission
D) Privacy Commissioner of Canada
E) Competition Bureau
Answer: C
Diff: 2 Type: MC Page Ref: 51
Skill: Applied

89) How can economic influences affect marketing strategies? Identify three key economic variables and describe the influence that each has on the marketing process.
Answer: Economic variables included in the text include the following:

- GDP, which is a measure of the economy's productivity. Periods of economic growth are accompanied by increased consumer and business spending, which offer opportunities for marketers.
- Inflation, a general increase in the prices of goods and services, reduces the real purchasing power of consumers and presents a challenge for marketers as they strive to maintain market share.
- Employment levels indicate the percentage of the labour force that is currently employed. High levels of unemployment reduce the buying power of the jobless and create uncertainty for the working. Both tend to reduce spending, and this create challenges for marketers. In periods of low unemployment, spending is less restrained and marketers have greater opportunities.
- Real income is closely related to inflation and indicates the volume of goods and services that money can buy. If wages have not kept pace with inflation, consumers lose purchasing power over time. While necessities will remain a priority, marketers of luxury goods will see a decline in demand for their products.

Diff: 2 Type: ES Page Ref: 30-33
Skill: Recall

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90) Describe how the economic situation in the United States can impact Canada.
Answer: The United States is Canada's largest trading partner, so the following effects can occur in Canada:

- A rise in the value of the Canadian dollar relative to the U.S. dollar reduces demand for Canadian goods in the United States.
- High unemployment in the United States will reduce U.S. demand for goods, impacting Canada indirectly.
- High inflation in the United States will reduce purchasing power, impacting demand for Canadian products indirectly.

Diff: 2 Type: ES Page Ref: 31-32
Skill: Applied

91) Canadian organizations that export to the United States must consider the relative value of both countries' currencies. As the Canadian dollar rises in value relative to the U.S. dollar, the economic environment of trade between these two countries is changing. Describe how this trend is impacting trade between these two countries.
Answer: Canadian companies have traditionally enjoyed a price advantage over their American counterparts because the Canadian dollar has been valued well below the U.S. dollar. Canadian-produced goods were traditionally more price competitive on international markets. As the value of the Canadian dollar rises relative to the U.S. dollar, this price advantage is eroding, making Canadian goods less attractive. Canadian companies must work to reduce costs to maintain profit margins at low prices or begin to differentiate to compete in ways other than price.
Diff: 2 Type: ES Page Ref: 31-32
Skill: Recall

92) Name *specific* uncontrollable external variables that exist in today's market that impact a shoe manufacturer.
Answer:

- The economy: During a recession people have less money to spend on expensive shoes and may postpone the purchase of more expensive shoes.
- The competition: The importation of low-priced shoes may force shoe manufacturers to lower their prices.
- Social/demographic trends: The population is aging. This aging segment is demonstrating a greater interest in comfort shoes. This should influence shoe manufacturers to offer styles that meet the population's styling and comfort needs.
- Technology: New high-quality simulated leather goods are available at reasonable prices, allowing manufacturers to offer comfortable yet fashionable shoes at a lower price.
- Laws and regulations: Increased consumer vocalism for animal rights may make simulated leather goods more desirable. Honestly stating what products are made from is important and in compliance with laws.

Diff: 3 Type: ES Page Ref: 29-30
Skill: Applied

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93) Companies cannot control the external environment, therefore it is not important to the development of marketing strategies. Do you agree or disagree with this statement? Justify your position.
Answer: Although uncontrollable, the external environment significantly impacts the markets in which companies operate. Successful marketing requires companies to constantly assess the needs of the market and adapt their marketing strategies accordingly. Market needs are very much a function of the competitive, economic, social/demographic, technological, and legal and regulatory forces acting upon them.
Diff: 2 Type: ES Page Ref: 29-30
Skill: Recall

94) Identify and explain the type of marketing structure indicated in each of the following:
- Cable television
- Canadian beer industry
- Athletic footwear
- Milk
Answer:
- Cable television: **Monopoly** within a cable company's licensed geographical area
- Canadian beer industry: **Oligopoly** where control is held by only two large breweries: Molson's and Labatt's
- Athletic footwear: **Monopolistic competition** where numerous brands are available, each offering a unique marketing mix
- Milk: **Pure competition** because milk is a uniform commodity with no clear advantage of one brand over another

Diff: 2 Type: ES Page Ref: 33-34
Skill: Applied

95) For each of the following products/services, give an example of direct and indirect competition:
- Cineplex Odeon
- WestJet
- *Toronto Star* printed edition
Answer:
- Cineplex Odeon: Direct: Famous Players; Indirect: Roy Thomson Hall
- WestJet: Direct: Air Canada; Indirect: VIA Rail
- *Toronto Star* printed edition: Direct: *Globe & Mail* printed edition; Indirect: Internet news services

Diff: 2 Type: ES Page Ref: 34-35
Skill: Applied

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96) Identify and explain the four different competitive positions a car company could occupy.
Answer:
- Market leader: company uses innovative automotive design with aggressive promotion and largest market share
- Market challenger: company's goal is to be #1 and uses more aggressive marketing strategies than the leader
- Market follower: company is content to follow the leader and uses similar technology, pricing, and distribution strategies
- Market nicher: company pursues a narrow market segment with a unique design and premium price

Diff: 2 Type: ES Page Ref: 37-38
Skill: Applied

97) What are the current lifestyle and demographic trends in Canada?
Answer: The current social and demographic trends in Canada are many. The most prevalent include the following:
- an aging population- more urban dwellers
- more common-law family situations
- more children born outside of marriage
- a sandwich generation with both young children and aging parents to care for
- real wealth concentrated in upper-income groups
- more dual-income families
- a well-educated work force
- a multicultural society
- an emphasis on quality of life
- a concern for health and well-being
- a concern for the environment and social issues
- less available time

Diff: 2 Type: ES Page Ref: 38 - 46
Skill: Recall

98) Describe how the Canadian family is changing.
Answer: Families are getting smaller and less traditional in structure. Many Canadians now postpone marriage or dispense with it altogether. Only 67% of Canadian families are composed of married couples. Common-law unions are increasing and are now up to 16.7% of all unions in Canada. Single-parent families comprise 16.3% of the population. Relatively higher rates of separation and divorce are creating blended families, which bring together children from previous marriages who then spend time between two different households. Same-sex common-law couples rose by 15%.
Diff: 2 Type: ES Page Ref: 42-43
Skill: Recall

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99) As consumer lifestyles change, so too must the marketing strategies of the companies providing them with products and services. Identify three lifestyle trends that are currently impacting Canadian marketers. For each trend that you identify, provide an example to demonstrate how a company has responded to the trend.
Answer: Examples will vary from student to student, but key lifestyle trends identified in the text include:

- a greater emphasis on quality of life over work- pressure to balance work and family life- time pressure
- a strong concern for health and welfare
- healthy diets
- effects of the environment on health
- concern for the environment
- value placed on social responsibility

Diff: 2 Type: ES Page Ref: 38-40
Skill: Applied

100) Your text describes several trends that are changing Canadian lifestyles. Choose any one of these trends and describe the trend then give an example of a product or service that has been successfully marketed to take advantage of this trend.
Answer: Lifestyle trends and examples noted in the text include:

- Increasingly hectic lifestyles and time-pressed households demand convenience items, such as prepared convenience foods, frozen meals, prepackaged lunches for kids.
- Stronger concerns for health and well-being led Kraft to launch new nutritional guidelines for many of its products. Unilever's Hellman's products come in a variety of fat contents.
- "Do-it-yourself" is becoming "Do-it-for-me" and home building centres such as Home Depot, Rona, and Lowe's are providing contract services for installation of a variety of their home improvement products.

Students should identify and describe one of the above mentioned trends and relate a successful product or service to that trend. The products and services included above are included in the text, however, correct answers could include a variety of products and services. These will vary based on students' individual experiences.
Diff: 2 Type: ES Page Ref: 38-39
Skill: Applied

101) How can a company act in a socially responsible manner with regard to the environment? Use examples in your response.
Answer:

- Cause-related marketing, supporting environmental causes of importance to their customers (e.g., CIBC's title sponsorship of Run for the Cure)
- Develop products and services that are more environmentally responsible (e.g., Groove Nutrition's novel container for Rumble, which is environmentally friendly)
- Demonstrate ethical business practices and communicate these efforts to their customers (e.g., Groove Nutrition, makers of Rumble, focus on people, planet and profit)
- Pollution prevention efforts in operations (e.g., Panasonic's Green Plan 2018) Students may choose to relate examples from their own experiences rather than those from the text.

Diff: 2 Type: ES Page Ref: 39-40

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Skill: Applied

102) Describe recent Canadian media usage trends. What are marketers doing to adapt to these trends?
Answer: Canadians are spending less time with traditional media (TV, radio, newspaper, magazines) and more time with digital and mobile media (Internet, PDAs, cellphones, etc.). Instead of implementing mass reach with mass media campaigns, marketers are now implementing selective reach, highly targeted campaigns–a key benefit offered by the digital media.
Diff: 2 Type: ES Page Ref: 48-49
Skill: Recall

103) The belief that it is less expensive and more profitable to hold on to current customers than attract new ones is a fundamental premise of customer relationship management. How has technology made this marketing theory's implementation more practical?
Answer: Through technologies such as the Internet, cellphones, and PDAs, companies can send messages directly to customers based on known preferences and shopping behaviours. These preferences can be determined through database analysis. The information stored in these databases is gathered through technological advances such as POS scanner data, loyalty cards, and software advances.
Diff: 2 Type: ES Page Ref: 48
Skill: Recall

104) Consider the expression "the rich are getting richer and the poor are getting poorer." Give some examples of successful companies and products that are benefitting from this trend.
Answer: Examples provided by students may vary to include those from the text and those from their personal knowledge. Here are some examples:

- Dollarama continues to expand
- UsedEveryWhere.com offers great deals on essentials
- Walmart targets the value-conscious consumer
- McDonald's and Tim Horton's offer low-cost fast service
- Prestige products such as Rolex, BMW, and so on benefit form targeting the top fifth income earners

Diff: 2 Type: ES Page Ref: 32
Skill: Applied

105) Privacy has become an important issue for Canadian businesses. What Canadian legislation addresses privacy issues for business? Why has this legislation become important?
Answer: The Privacy Act respects the rights of Canadians by placing limits on the collection, use, and disclosure of personal information. It also gives Canadians the right to access and correct any personal information about them held by government organizations. The Personal Information Protection and Electronic Documents Act sets ground rules for how private-sector organizations may collect, use, or disclose personal information. The ability to cheaply track and store personal information as well as purchases, preferences, and so on has raised concerns that consumers' personal privacy in the electronic world needs standards of protection.
Diff: 2 Type: ES Page Ref: 50-51
Skill: Recall

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