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Chapter 2 The External Marketing Environment

1) Governments and industry regulators have minimal impacts on marketing decisions.
Answer: FALSE
Diff: 1 Type: TF Page Ref: 32
Skill: Recall
LO: 1

2) A monopoly is a market situation in which a few large firms control the market.
Answer: FALSE
Diff: 2 Type: TF Page Ref: 34
Skill: Recall
LO: 2

3) Indirect competition is competition from substitute products that offer customers the same benefit.
Answer: TRUE
Diff: 1 Type: TF Page Ref: 36
Skill: Recall
LO: 2

4) Market leader refers to the company with the highest level of recognition in the mind of the target market.
Answer: FALSE
Diff: 2 Type: TF Page Ref: 37
Skill: Recall
LO: 2

5) A small airline like Porter Air that focuses on providing in-flight experiences not offered by WestJet and Air Canada could be called a market nicher.
Answer: TRUE
Diff: 2 Type: TF Page Ref: 38
Skill: Applied
LO: 2

6) In Canada, the Competition Act is the entity that regulates the legal environment for marketing and other business practices in Canada.
Answer: FALSE
Diff: 3 Type: TF Page Ref: 39
Skill: Recall
LO: 3

7) Canadians are protected by multiple privacy laws that place limits on collection, use, and disclosure of personal info.
Answer: TRUE
Diff: 1 Type: TF Page Ref: 39
Skill: Recall
LO: 3

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8) The total value of goods and services produced in a country on an annual basis is called the GDP or Gross Domestic Product.
Answer: TRUE
Diff: 1 Type: TF Page Ref: 41
Skill: Recall
LO: 4

9) If inflation rises, a $50,000 income in 2006 will be worth more than it would have been in 2005.
Answer: FALSE
Diff: 3 Type: TF Page Ref: 43
Skill: Applied
LO: 4

10) A lower bank rate can help boost the economy by making it less expensive for businesses and individuals to borrow money.
Answer: TRUE
Diff: 1 Type: TF Page Ref: 43
Skill: Recall
LO: 4

11) As Canadians work more and longer hours, businesses are adjusting by offering convenience services.
Answer: TRUE
Diff: 1 Type: TF Page Ref: 44
Skill: Recall
LO: 5

12) A beverage company that donates 1% of their sales to charities while producing profitable, environmentally sustainable drink bottles is focused on the "triple bottom line."
Answer: TRUE
Diff: 2 Type: TF Page Ref: 45
Skill: Applied
LO: 5

13) Consumers doing research online is evidence that education and technology are producing more informed consumers.
Answer: TRUE
Diff: 1 Type: TF Page Ref: 45
Skill: Applied
LO: 5

14) More Canadians than ever before are moving to rural areas.
Answer: FALSE
Diff: 2 Type: TF Page Ref: 47
Skill: Recall
LO: 5

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15) The people born in the mini-boom that occurred in the late 1980s are now more frequently referred to as Generation Y, or millennials.
Answer: TRUE
Diff: 2 Type: TF Page Ref: 46
Skill: Recall
LO: 5

16) Essentially, families are getting larger and more traditional in structure.
Answer: FALSE
Diff: 2 Type: TF Page Ref: 48
Skill: Recall
LO: 5

17) An individual born in 1968 is part of the "baby bust" generation.
Answer: TRUE
Diff: 1 Type: TF Page Ref: 46
Skill: Applied
LO: 5

18) An increasing number of Canadian children are born and raised outside of marriage.
Answer: TRUE
Diff: 1 Type: TF Page Ref: 48
Skill: Applied
LO: 5

19) 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: 48
Skill: Recall
LO: 5

20) 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: 49
Skill: Recall
LO: 5

21) The demand for higher education is delaying the age of marriage in Canada.
Answer: TRUE
Diff: 2 Type: TF Page Ref: 50
Skill: Applied
LO: 5

22) To secure future success, companies must recognize Canada's cultural diversity by targeting and meeting the needs of various ethnic groups.

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Answer: TRUE
Diff: 2 Type: TF Page Ref: 50
Skill: Recall
LO: 5

23) The traditional 40-hour work week is a myth.
Answer: TRUE
Diff: 1 Type: TF Page Ref: 44
Skill: Recall
LO: 5

24) 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: 45
Skill: Recall
LO: 5

25) Mass customization is a system that can personalize messages to a target audience of one.
Answer: TRUE
Diff: 1 Type: TF Page Ref: 54
Skill: Recall
LO: 6

26) 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: 52-53
Skill: Recall
LO: 6

27) 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: 54
Skill: Recall
LO: 6

28) Trends indicate that e-commerce has reached a plateau in Canada.
Answer: FALSE
Diff: 2 Type: TF Page Ref: 54
Skill: Recall
LO: 6

29) Artificial Intelligence in marketing can involve using software and algorithms to write marketing content with minimal human contact.
Answer: TRUE

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Diff: 2 Type: TF Page Ref: 52
Skill: Recall
LO: 6

30) In 2016, total online sales in Canada were 10% higher than they were in 2012.
Answer: TRUE
Diff: 1 Type: TF Page Ref: 54
Skill: Recall
LO: 6

31) A running shoe company allowing an audience to create their own gear online is an example of a direct-to-consumer channel.
Answer: TRUE
Diff: 2 Type: TF Page Ref: 54
Skill: Applied
LO: 6

32) 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: 33
Skill: Recall
LO: 1

33) 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: 34
Skill: Recall
LO: 2

34) 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: 35

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Skill: Recall
LO: 2

35) 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: 34
Skill: Recall
LO: 2

36) 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: 34
Skill: Recall
LO: 2

37) What is the best definition of market share?
A) profit of one competitor expressed as a percentage of the total industry profit
B) total sales volume of all competitors
C) sales volume of one competitor expressed as a percentage 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 percentage of the total market sales
Answer: E
Diff: 3 Type: MC Page Ref: 37
Skill: Recall
LO: 2

38) 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

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LO: 2

39) 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
LO: 2

40) 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: 34
Skill: Applied
LO: 2

41) 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: 34
Skill: Applied
LO: 2

42) 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: 35
Skill: Applied
LO: 2

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43) 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: 36
Skill: Applied
LO: 2

44) 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
Diff: 2 Type: MC Page Ref: 36
Skill: Applied
LO: 2

45) 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
LO: 3

46) 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: 39
Skill: Applied
LO: 3

47) 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.

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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: 41
Skill: Recall
LO: 4

48) In 2017, the Government of Canada announced which changes to food labelling laws?
A) Standardizing serving sizes, changing recommended daily values.
B) Using more scientific language to gain credibility with the medical community.
C) Allowing for fewer health claims related to fruits and vegetables.
D) Allowing more freedom for manufacturers around declaring allergens.
E) Ensuring that all food colours be listed by their chemical designations.
Answer: A
Diff: 2 Type: MC Page Ref: 40
Skill: Recall
LO: 4

49) Which offices 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: 39
Skill: Recall
LO: 4

50) At a "home show," visitors are offered a chance to win a gift certificate from a renovations company. To enter, they must complete a ballot with personal information including their name, address, telephone number, and also information about their home. 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: 39
Skill: Applied
LO: 4

51) Which Industry Canada bureau would investigate a proposed merger between the country's two largest home retailers?
A) Bureau of Communications Policy

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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: 39
Skill: Applied
LO: 3

52) The Competition Bureau recently found Bell Canada in violation of the National Do Not Call List, which meant.
A) the company had to pay a minimal fine to the bureau
B) the CRTC (Canadian Radio-Television Telecommunications Commission) temporarily shut down Bell's sales department.
C) Bell Canada is no longer allowed to call Canadians to offer them sales promotions.
D) Bell Canada was required to change their practice and pay a record-setting fee.
E) Competitors like Rogers and Telus were given an advantage by the bureau to "even the playing field."
Answer: D
Diff: 2 Type: MC Page Ref: 39
Skill: Recall
LO: 3

53) 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: 43
Skill: Recall
LO: 4

54) 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: 49
Skill: Recall
LO: 5

55) 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.

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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) 81% of U.S. exports are purchased by Canadians.
Answer: A
Diff: 3 Type: MC Page Ref: 41
Skill: Applied
LO: 4

56) Which of the following was the fastest growing economy in the Group of Seven Industrialized Democracies (G7) in 2017?
A) France
B) Germany
C) Italy
D) Japan
E) Canada
Answer: E
Diff: 2 Type: MC Page Ref: 41
Skill: Recall
LO: 4

57) When the Canadian dollar is worth $0.85 USD, 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: 41
Skill: Applied
LO: 4

58) 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: 42
Skill: Applied
LO: 4

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59) 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: 43
Skill: Applied
LO: 4

60) 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: 41-43
Skill: Applied
LO: 4

61) 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: 41-43
Skill: Applied
LO: 4

62) Consumers are expressing a stronger concern for health and welfare. Marketers are responding by
A) making changes to their products by packaging smaller single-serving sizes.
B) lobbying governments to change the laws around food labelling.
C) ensuring that health claims are at the forefront of all marketing communications efforts.
D) completely restructuring all their product lines to align with these concerns.
E) helping Canadians find more free time by reducing the working hours of company staff.
Answer: A
Diff: 2 Type: MC Page Ref: 44
Skill: Applied
LO: 5

63) Panasonic established the Green Plan 2018 initiative, which is

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A) a plan led by the legal department to ensure compliance with all environmental regulations.
B) a marketing communications program designed to inspire consumers to make better choices.
C) a set of measures designed to create products that have less impact on the environment.
D) a branding initiative that shifts their corporate colours to shades of green.
E) a set of competitive actions that will ensure Panasonic earns higher profits in 2018.
Answer: C
Diff: 2 Type: MC Page Ref: 45
Skill: Recall
LO: 5

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: 48
Skill: Recall
LO: 5

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: 46
Skill: Applied
LO: 5

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: 45
Skill: Applied
LO: 5

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

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B) ethnic cuisine
C) pharmaceuticals
D) town houses
E) Rolex watches
Answer: E
Diff: 2 Type: MC Page Ref: 49
Skill: Applied
LO: 5

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: 47
Skill: Recall
LO: 5

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: 45
Skill: Applied
LO: 5

70) About two-thirds of Canada's population growth over the last five years can be attributed to which factor?
A) economic growth
B) death rates
C) immigration
D) birth rates
E) improved health care
Answer: C
Diff: 2 Type: MC Page Ref: 46
Skill: Recall
LO: 5

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

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B) toys
C) infant products
D) educational services and products
E) fashion clothing and accessories
Answer: A
Diff: 2 Type: MC Page Ref: 46
Skill: Applied
LO: 5

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: 46
Skill: Applied
LO: 5

73) 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: 44
Skill: Applied
LO: 5

74) 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: 52
Skill: Recall
LO: 6

75) What is the strategy where companies customize products to meet the precise needs of customers?
A) target of one
B) niche product

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C) personal service
D) mass customization
E) bull's eye
Answer: D
Diff: 2 Type: MC Page Ref: 54
Skill: Applied
LO: 6

76) 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: 54
Skill: Recall
LO: 6

77) 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: 53-54
Skill: Recall
LO: 6

78) 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: 52
Skill: Applied
LO: 6

79) 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.

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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: 52
Skill: Applied
LO: 6

80) 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: 52
Skill: Recall
LO: 6

81) 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: 52
Skill: Recall
LO: 6

82) 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: 33
Skill: Applied

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LO: 1

83) 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: 32
Skill: Recall
LO: 1

84) Canada's Airline industry is comprised of two major carriers and a handful of small competitors. Define and explain the market structure at work, and provide an example of one airline's market position along with their current marketing activities.
Answer: Canada's Airline industry is an oligopoly; there are a small number of large firms dominating the market who aggressively spend on marketing efforts. An example of market position and marketing activities from the text is: Porter Airlines is a market nicher. It offers services not offered by larger competitors such as complimentary in-flight food and beverages, free shuttle buses, and a complimentary espresso bar and waiting lounge.
Diff: 2 Type: ES Page Ref: 34-38
Skill: Applied
LO: 2

85) One of the alternatives to government regulation is self-regulation. Define this term, and provide an example of an organization responsible for this and an example of one of their initiatives.
Answer: Self-regulation is a form of regulation whereby an industry sets standards and guidelines for its members to follow. Examples:

- The Canadian Marketing Association (CMA) is an industry organization that identifies, plans, and reacts to issues affecting marketing in Canada.

- The CMA established the Code of Ethics and Standards of Practice which covers ethical principles, protection of personal privacy, special consideration for marketing to teenagers and children, and media-specific standards of practice.

Diff: 2 Type: ES Page Ref: 40
Skill: Recall
LO: 3

86) 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

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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 creates 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: 41-43
Skill: Recall
LO: 4

87) 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: 41
Skill: Applied
LO: 4

88) 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: 41-42
Skill: Recall
LO: 4

89) Identify and explain the type of marketing structure indicated in each of the following:
- Urban public transit systems
- Canadian telecommunications industry
- Canadian restaurant industry

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- Financial assets (stocks, bonds, mutual funds)
Answer:
- Public transit: **Monopoly** within a specific geographical area
- Telecommunications: **Oligopoly** where control is held by only three large firms: BCE, Rogers, and Telus
- Restaurants: **Monopolistic competition** where numerous brands are available (McDonald's, Harveys, A&W, etc.), each offering a unique marketing mix
- Financial assets: **Pure competition** because financial products are uniform commodities with no clear advantage of one brand over another

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

90) 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: 36-37
Skill: Applied
LO: 3

91) 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
LO: 3

92) 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 same-sex married and common-law couples

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- 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: 43-50
Skill: Recall
LO: 4

93) 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: 48
Skill: Recall
LO: 5

94) 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: 44-45
Skill: Applied
LO: 5

95) 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,

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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: 44-45
Skill: Applied
LO: 5

96) 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: 45
Skill: Applied
LO: 5

97) Canada is a diverse country where the makeup of the population is continuing to shift away from one of a predominantly European background. Speak to at least one of Canada's diverse subcultures and provide an example of how a company is responding to these changes.
Answer: Subcultures include:
- Aboriginal populations with 20% growth in last five years, now 4.3% of Canada's population
- Foreign-born Canadians with 20.6% of the total populations (and growing)
- Canadians of Asian ancestry with 11% of the population (East Asians 7%, West Asians 4%)
- Newcomers who are generally younger than the rest of the population
- The geographic distribution of immigrant populations changing, with more settling in Saskatchewan and Manitoba (over Ontario)
- 63.4% of Canada's 6.8 million immigrants living in Toronto, Montreal, or Vancouver areas

Marketers are taking action in the following ways: Walmart adjusting marketing strategies to meet the needs of South Asian, Cantonese, Mandarin, Spanish, Portuguese, and Italian

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communities. This includes merchandising as well as marketing communications (television ads).
Diff: 2 Type: ES Page Ref: 50
Skill: Recall
LO: 6

98) 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 digital media.
Diff: 2 Type: ES Page Ref: 53-54
Skill: Recall
LO: 6

99) 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. Companies are also able to make use of technologies like AI (artificial intelligence) to delegate customer service and communications tasks (generating content) to better, and more quickly, respond to their customers in real-time.
Diff: 2 Type: ES Page Ref: 52-54
Skill: Recall
LO: 6

100) 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 Hortons 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: 43
Skill: Applied
LO: 5

101) 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

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correct any personal information about them held by government organizations. The Personal Information Protection and Electronic Documents Act (PIPEDA) sets ground rules for how private-sector organizations may collect, use, or disclose personal information. The ability to 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: 39
Skill: Recall
LO: 4

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