

TEST BANK

Great marketers make great decisions.

Be ethical

listen and ask
strategic questions.

RELATIONSHIP
of customers or customers.

HOW ARE MARKETING DECISIONS MADE?
Understanding is personal. That is not marketing — the real marketing is what you do with it. All marketers who make decisions that affect themselves, their customers, and every other person in the world are marketers.

WHAT IS MARKETING?
You can't sell what isn't there!

Environmental stewardship is a position taken by an organization to protect or enhance the natural environment as it conducts its business activities.

Plan well and prosper

Products go through four distinct stages from birth to death:
introduction
growth
maturity
and decline.

ethical behaviour is good business.

demonstrate value to your customers.

DECISIONS

MARKETING
REAL PEOPLE
REAL DECISIONS
SOLOMON MARSHALL STUART
SMITH CHARLEBOIS MARANDO
THIRD CANADIAN EDITION

realize the value

create the value

MARKETING
YOUR BUDGET
What does it cost?

MARKETING
The term conjures up two common conceptions. Some people will tell you that marketing is all about advertising. Others tend to equate marketing with selling something to someone. As you will learn, marketing is first and foremost a decision-making process—one that is used on identifying, creating, and delivering value for customers and other stakeholders.



MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 1) The key decision(s) faced by Michel Bendayan of Mega Bloks described in the *Real People, Real Decisions* opening vignette to Chapter 2 concerned _____. 1) _____
- A) repositioning of the product line to be upscale of Lego
 - B) revamping their North American strategy
 - C) changing the pricing strategy for Mega Bloks
 - D) changing the promotional strategy for Mega Bloks
 - E) how to increase sales in the Japanese market
- 2) The key decision(s) faced by Michel Bendayan of Mega Bloks described in the *Real People, Real Decisions* opening vignette to Chapter 5 was particularly important because _____. 2) _____
- A) the Japanese toy market was the second largest in the world
 - B) Mega Bloks were second only to Lego in terms of market share
 - C) North American sales were increasing faster than their production capacity
 - D) Mega Bloks was presently vulnerable to a hostile takeover bid from Lego
 - E) none of the above
- 3) As discussed in Chapter 2 of the text, while it is possible to be successful without it, _____ truly is a key to prosperity. 3) _____
- A) saving
 - B) luck
 - C) profit
 - D) planning
 - E) forecasting
- 4) Which of the following is/are reason(s) cited in the textbook for the importance of planning efforts? 4) _____
- A) rapidly changing technologies
 - B) rapidly changing competition
 - C) rapidly changing consumer interests
 - D) rapidly changing economy
 - E) all of the above
- 5) As defined in the text, _____ is a managerial decision process that matches an organization's resources and capabilities to its market opportunities for long-term growth and survival. 5) _____
- A) budgeting
 - B) cross-functional planning
 - C) strategic planning
 - D) tactical planning
 - E) operational planning
- 6) Which of the following is not one of the levels of business planning, as discussed in the text? 6) _____
- A) integrated
 - B) operational
 - C) strategic
 - D) marketing
- 7) Which of the following is not a characteristic or benefit of planning, as discussed in the text? 7) _____
- A) Planning helps managers cope with rapidly changing marketing environments.
 - B) Business planning is an ongoing process of decision making.
 - C) Planning identifies and builds on a company's strengths.
 - D) Planning in most firms starts at the lowest level of the organization, by those who actually do the work.
 - E) Planning helps an organization set objectives before it takes action.

- 8) The decisions made in strategic planning focus primarily on _____. 8) _____
- A) the short-term direction of the organization
 - B) creating shareholder wealth
 - C) the financial implications of recent economic trends
 - D) the firm's ability to respond to changes and opportunities in its environment
 - E) none of the above
- 9) The primary difference between a strategic plan and a marketing plan is _____. 9) _____
- A) the longer time horizon of the strategic plan
 - B) the comprehensiveness of the strategic plan
 - C) the shorter time horizon of the strategic plan
 - D) the longer time it takes to complete a strategic plan
 - E) the greater cost of the marketing plan
- 10) As discussed in the text, a(n) _____ is what a firm is going to do to achieve an objective and a(n) _____ is how it will be implemented. 10) _____
- A) tactic, strategy
 - B) marketing plan, tactic
 - C) mission, tactic
 - D) strategy, tactic
 - E) strategy, marketing plan
- 11) _____ is managerial decision process that matches an organization's resources and capabilities to its market opportunities for long-term growth and survival. 11) _____
- A) strategic planning
 - B) marketing
 - C) positioning
 - D) marketing planning
 - E) strategy
- 12) As discussed in the text, once detailed marketing strategies have been developed, _____ are then developed to implement those strategies. 12) _____
- A) sales strategies
 - B) promotional plans
 - C) tactical plans
 - D) marketing objectives
 - E) operational strategies
- 13) As discussed in the text, the development of the marketing plan enables the business to _____. 13) _____
- A) determine how it plans to serve its target customers
 - B) decide which customer segments it wants to serve
 - C) set priorities regarding markets it wants to compete in
 - D) all of the above
 - E) none of the above
- 14) Which of the following is not one of the five key stages in top-level strategic planning, as discussed in the text? 14) _____
- A) determining the optimum marketing mix
 - B) planning the business portfolio
 - C) setting organizational objectives

- D) defining the organization's mission
- E) evaluating the environment

- 15) Which of the following is not typically part of the strategic planning efforts of top management? 15) _____
- A) developing action plans to implement tactical plans
 - B) setting the organization's goals and objectives
 - C) establishing the business portfolio
 - D) evaluating the environment using a SWOT analysis
 - E) defining the business mission
- 16) The first stage in the strategic planning process is to _____. 16) _____
- A) define the mission of the organization
 - B) compare results to the previous marketing plan
 - C) develop the marketing mix
 - D) conduct a SWOT analysis
 - E) determine the marketing budget
- 17) The formal statement in an organization's strategic plan that describes the overall purpose of the organization and what it intends to achieve in terms of its customers, products, and resources is its _____. 17) _____
- A) SWOT statement
 - B) strategic goals
 - C) corporate objectives
 - D) mission statement
 - E) charter of incorporation
- 18) The purpose of an organization's mission is to _____. 18) _____
- A) describe top management's vision of why the firm exists
 - B) describe the place in the market the firm wants to take
 - C) describe how the firm is different from other firms
 - D) all of the above
 - E) none of the above
- 19) A mission statement that is _____ may inhibit managers' ability to visualize possible growth opportunities. 19) _____
- A) too shallow
 - B) not detailed enough
 - C) too broad
 - D) too narrow
 - E) too short-sighted
- 20) A mission statement that is _____ will not provide adequate focus for the organization. 20) _____
- A) too specific
 - B) too narrow
 - C) too brief
 - D) too broad
 - E) too shallow
- 21) The organization Mothers Against Drunk Driving (MADD) states that they want to stop drunk driving and to support the victims of this violent crime. As discussed in the text, this is their _____. 21) _____
- A) strategic goal

- B) charter of incorporation
- C) SWOT statement
- D) mission statement
- E) corporate objective

- 22) The second stage in strategic planning is _____. 22) _____
- A) defining the organization's mission
 - B) planning the business portfolio
 - C) preparing a marketing plan
 - D) setting organizational objectives
 - E) environmental (situational) analysis
- 23) A firm's _____ is(are) the uncontrollable element(s) outside of an organization that may affect its performance either positively or negatively. 23) _____
- A) market
 - B) strategies
 - C) external environment
 - D) internal environment
 - E) competitors
- 24) Changing population characteristics such as an older population or greater education levels would be good examples of factors within a firm's _____ that should be monitored to determine what effect they may have on the firm's success. 24) _____
- A) external environment
 - B) strengths
 - C) internal environment
 - D) opportunity sphere
 - E) economic environment
- 25) Which of the following is not a type of factor within an organization's external environment, as discussed in the text? 25) _____
- A) work environment
 - B) social/cultural
 - C) economic
 - D) technological
 - E) competitive
- 26) Which of the following is **not** an element of the internal environment discussed in the text? 26) _____
- A) preferences and values
 - B) organization system
 - C) skills and resources
 - D) current strategy
 - E) consumer analysis
- 27) Tim Hortons expanding its menu beyond coffee and donuts would be a good example of a firm _____. 27) _____
- A) responding to threats within its internal environment
 - B) seeking to gain competitive advantage over its other fast food rivals
 - C) responding to factors within its external environment
 - D) diversifying its product offering to lower its costs
 - E) none of the above

- 28) A firm's _____ is(are) the controllable element(s) inside an organization including its people, its facilities, and how it does things that influence the operations of the organization. 28) _____
- A) strategies
 - B) operations
 - C) internal environment
 - D) resources
 - E) external environment
- 29) A positive work environment and organizational culture would be good examples of factors within a firm's _____ that have an effect on a firm's success. 29) _____
- A) external environment
 - B) weaknesses
 - C) internal environment
 - D) opportunities
 - E) none of the above
- 30) When a company such as Hewlett-Packard uses its human, technical, and financial resources to develop innovative new products, it is said to be _____. 30) _____
- A) capitalizing on marketing opportunities
 - B) responding to competitive threats
 - C) making good use of factors within its internal environment
 - D) gambling its future on high-risk ventures
 - E) none of the above
- 31) Individual units within a firm that operate like separate businesses, with each having its own mission, business objectives, resources, managers, and competitors, are called _____. 31) _____
- A) ancillaries
 - B) sub-companies
 - C) strategic business units (SBU)
 - D) subsidiaries
 - E) self-contained businesses
- 32) General Motors has several large divisions, each of which is responsible for its own costs, revenues, and profits. As defined in the text, these divisions could also be called _____. 32) _____
- A) sub-companies
 - B) subsidiaries
 - C) liabilities
 - D) self-contained businesses
 - E) strategic business units
- 33) As discussed in the text, the Bombardier Aerospace Lear Jet Inc. is to Bombardier as _____ are to a parent corporation. 33) _____
- A) strategic business units
 - B) self-contained businesses
 - C) competitors
 - D) sub-companies
 - E) independent companies
- 34) The first two steps in the strategic planning process are define the mission and environmental analysis. Once those two steps are complete, the next step in the strategic planning process is _____. 34) _____
- A) establish the business portfolio

- B) write a marketing plan
- C) develop growth strategies
- D) set organizational or SBU objectives
- E) devise a marketing plan

- 35) As discussed in the text, _____ are a direct outgrowth of the mission statement and broadly identify what the firm hopes to accomplish within the general time frame of the firm's long-range strategic business plan. 35) _____
- A) functional plans
 - B) organization and SBU objectives
 - C) marketing objectives
 - D) strategic goals
 - E) tactical plans
- 36) A major advantage for companies who have a diversified portfolio of products with different revenue-generating and revenue-using characteristics is _____. 36) _____
- A) reduced dependence on one product or one group of customers
 - B) increased income
 - C) more management time available
 - D) fewer managers
 - E) lower costs of operation
- 37) As discussed in the text, a growth strategy that introduces existing products to new markets is called _____. 37) _____
- A) market development
 - B) market penetration
 - C) product development
 - D) diversification
 - E) product penetration
- 38) When recreational vehicle manufacturers decide to target younger baby boomers for their products, they are said to be following which of the growth strategies below? 38) _____
- A) product development
 - B) product penetration
 - C) market development
 - D) diversification
 - E) market penetration
- 39) As defined in the text, a _____ is a group of different products or brands owned by an organization and characterized by different income-generating and growth capabilities. 39) _____
- A) subsidiary
 - B) diversification mix
 - C) product infrastructure
 - D) marketing mix
 - E) business portfolio
- 40) As discussed in the text, a growth strategy that emphasizes both developing new products and entering new markets is called _____. 40) _____
- A) market development
 - B) diversification
 - C) market penetration
 - D) product development

E) product penetration

- 41) A home improvement retailer deciding to offer food products to attract new customers would be said to be following which of the growth strategies listed below? 41) _____
- A) product development
 - B) market penetration
 - C) diversification
 - D) product penetration
 - E) market development
- 42) As discussed in the text, a growth strategy that focuses on developing and selling new products to existing customers is known as _____. 42) _____
- A) diversification
 - B) market penetration
 - C) product penetration
 - D) market development
 - E) product development
- 43) When a company such as Kellogg's develops a new, high-fibre cereal bar made from its Special K brand cereal, aimed at loyal Special K consumers, they are said to be following which of the growth strategies below? 43) _____
- A) market development
 - B) product development
 - C) market penetration
 - D) diversification
 - E) target marketing
- 44) As defined in the text, the _____ is a document that describes the marketing environment, outlines the marketing objectives and strategy, and identifies who will be responsible for carrying out each part of the marketing strategy. 44) _____
- A) business portfolio
 - B) marketing plan
 - C) strategic plan
 - D) marketing budget
 - E) product plan
- 45) A(n) _____ analysis is an analysis of an organization's internal strengths and weaknesses and the opportunities and threats in its external environment. 45) _____
- A) marketplace
 - B) strategic
 - C) environmental
 - D) SWOT
 - E) organizational
- 46) The use of a SWOT analysis is most closely tied to _____. 46) _____
- A) operational planning
 - B) developing an action plan against a competitor
 - C) tactical planning
 - D) strategic planning
 - E) police hostage situations
- 47) The specific areas addressed by a SWOT analysis include all of the following **except** _____. 47) _____

- A) weaknesses
- B) strategies
- C) opportunities
- D) threats
- E) strengths

- 48) According to the text, which of the following is NOT one of the six basic reasons why some organizations fail? 48) _____
- A) failure to create value
 - B) failure to persist over time
 - C) failure to be flexible and adapt
 - D) failure to innovate
 - E) failure to price properly
- 49) One of the six "fatal flaws" discussed in the text book is "failure to _____", which means organizations that do not create offers that are superior in some ways to those already available. 49) _____
- A) assimilate
 - B) be flexible and adapt
 - C) prevent appropriation
 - D) innovate
 - E) create value
- 50) When conducting a SWOT analysis, factors that are internal to the organization and positive are known as _____. 50) _____
- A) strengths
 - B) weaknesses
 - C) threats
 - D) distinctive competencies
 - E) opportunities
- 51) Patents owned by a firm, a strong cash flow, and good employees are examples of a firm's _____. 51) _____
- A) strengths
 - B) threats
 - C) weaknesses
 - D) strategies
 - E) opportunities
- 52) When conducting a SWOT analysis, factors that are internal to the organization and negative are known as _____. 52) _____
- A) strengths
 - B) distinctive inadequacies
 - C) threats
 - D) weaknesses
 - E) opportunities
- 53) A high employee turnover rate, high level of debt to equity, and a poorly performing sales department are examples of a firm's _____. 53) _____
- A) strategies
 - B) strengths
 - C) weaknesses
 - D) limitations

E) threats

- 54) When conducting a SWOT analysis, factors that are external to the organization and positive are known as _____. 54) _____
A) threats
B) strengths
C) enabling technologies
D) weaknesses
E) opportunities
- 55) A rising economy, favourable government regulations, and weak competition are examples of a firm's _____. 55) _____
A) threats
B) opportunities
C) sustainable competitive advantages
D) strengths
E) weaknesses
- 56) When conducting a SWOT analysis, factors that are external to the organization and negative are known as _____. 56) _____
A) threats
B) strengths
C) environmental limitations
D) weaknesses
E) opportunities
- 57) Tough competition, recession, and pending adverse legislation are examples of a firm's _____. 57) _____
A) weaknesses
B) strengths
C) reasons for its depressed stock valuation
D) opportunities
E) threats
- 58) As discussed in the text, the key to SWOT analysis is to _____. 58) _____
A) identify only those opportunities that the organization can take advantage of
B) not change your analysis too often
C) not get bogged down in "analysis paralysis"
D) take into consideration all factors that affect a company's success
E) identify the costs associated with following each of the firm's opportunities
- 59) An organization's _____ are specific accomplishments or outcomes that an organization hopes to achieve by a specific time. 59) _____
A) strategies B) mission C) purpose D) objectives E) targets
- 60) In the marketing planning process discussed in the text, financial and marketing objectives for a business are typically derived from _____. 60) _____
A) the strategic plan
B) the mission statement
C) the tactical plan
D) the SWOT analysis
E) the marketing plan

- 61) _____ discusses sources of sustainable competitive advantage and the systems, competencies, technology, or other resources that enable an organization to defend their chosen positioning. 61) _____
- A) Defendability
 - B) Brand personality
 - C) Differentiation
 - D) Positioning
 - E) Competitive advantage
- 62) As defined in the text, the ability of a firm to outperform the competition, providing customers with a benefit the competition cannot, is known as _____. 62) _____
- A) market development
 - B) market penetration
 - C) tactical advantage
 - D) competitive advantage
 - E) strategic advantage
- 63) As discussed in the text, the underlying goal of all marketing strategies and plans is to create _____ for the organization that adopts it. 63) _____
- A) revenues
 - B) a competitive advantage
 - C) new customers
 - D) a monopoly
 - E) profits
- 64) When Anderson Windows created a computerized version of its catalogue that resulted in cutting the product ordering error rate to only one in 200 truckloads, it created _____ for the firm, relative to other firms in the window industry. 64) _____
- A) market penetration
 - B) a tactical advantage
 - C) market development
 - D) a strategic advantage
 - E) a competitive advantage
- 65) In order to provide a better product to the marketplace, MegaComputers offers a no-charge pickup and delivery service on computers that need repair, if the computer was purchased in their store. MegaComputers is trying to create a _____ for their company, relative to other firms in their industry. 65) _____
- A) market penetration strategy
 - B) competitive advantage
 - C) market development strategy
 - D) strategic advantage
 - E) tactical advantage
- 66) When it comes to marketing planning _____ is an analysis of all the advantages and disadvantages of implementing a particular course of action. 66) _____
- A) tactical analysis
 - B) strategic analysis
 - C) return on investment analysis
 - D) cost-benefit analysis
 - E) implementation

- 67) In marketing-oriented organizations, the marketing plan sets the foundation for the development of _____ plans, such as HR, sales and production. 67) _____
- A) marketing mix
 - B) functional
 - C) SBU
 - D) formational
 - E) promotional
- 68) In choosing a proper marketing mix strategy for international markets, the most crucial decision a firm will have to make will concern _____. 68) _____
- A) adapting radio or TV advertising
 - B) modifying the packaging to suit local requirements
 - C) standardization versus localization of the marketing mix
 - D) modifying the pricing strategy to remain competitive
 - E) none of the above
- 69) Advocates of a standardization of the marketing mix strategy for international markets would use which of the following reason(s) to justify their position? 69) _____
- A) Technology has made the world seem smaller.
 - B) Tastes have become more heterogeneous.
 - C) Basic needs and wants are the same everywhere.
 - D) both A and C
 - E) all of the above
- 70) The primary advantage(s) of a standardized marketing mix strategy for international markets would be _____. 70) _____
- A) synergy due to decentralized decision making
 - B) cost efficiency due to economies of scale
 - C) different messages for different cultures
 - D) appealing to the national character of each individual market
 - E) all of the above
- 71) Advocates of a localization of the marketing mix strategy for international markets would use which of the following reason(s) to justify their position? 71) _____
- A) The world is not as small as some would suggest.
 - B) Each culture and national character is unique.
 - C) It is more cost-efficient.
 - D) both A and B
 - E) all of the above
- 72) The primary advantage(s) of a localized marketing mix strategy for international markets would be _____. 72) _____
- A) recognizing that technology has made the world seem smaller
 - B) appealing to the similarities between cultures rather than the differences
 - C) products and promotional messages are tailored to the specific needs of different cultures
 - D) cost efficiency due to economies of scale
 - E) all of the above
- 73) A firm seeking to sell its products in foreign markets can use which of the following strategies? 73) _____
- A) product invention strategy
 - B) straight extension strategy
 - C) product adaptation strategy

- D) all of the above
- E) none of the above

- 74) Coca-Cola offering the same formula and Gillette offering the same razor products in each market they compete in are both examples of a _____ for international markets. 74) _____
- A) straight extension strategy
 - B) product invention strategy
 - C) product adaptation strategy
 - D) product advertising strategy
 - E) none of the above
- 75) A _____ for international markets recognizes that in many cases, people in different cultures have strong and different product preferences. 75) _____
- A) straight extension strategy
 - B) product advertising strategy
 - C) product adaptation strategy
 - D) product invention strategy
 - E) none of the above
- 76) As discussed in the text, the food shopping preferences of consumers in different countries of Europe has forced appliance manufacturers to follow a _____ for refrigerators. 76) _____
- A) product invention strategy
 - B) straight extension strategy
 - C) product standardization strategy
 - D) product adaptation strategy
 - E) none of the above
- 77) A _____ means that a company develops a new product as it expands into foreign markets. 77) _____
- A) product invention strategy
 - B) product adaptation strategy
 - C) product advertising strategy
 - D) straight extension strategy
 - E) none of the above
- 78) A company deciding to offer a less complex version of its products better suited to the local conditions of an international market would be said to be following which of the following product invention strategies, as discussed in the text? 78) _____
- A) backward invention
 - B) de-contentization
 - C) stripping
 - D) adaptation
 - E) modification
- 79) The decision to adopt a global message strategy for international markets is supported by _____. 79) _____
- A) a lack of unique cultural factors affecting the purchase of the product
 - B) two of three marketers surveyed
 - C) unique cultural differences affecting the purchase of the product
 - D) the increased costs due to standardization
 - E) none of the above
- 80) As discussed in the text, a "one world, one message" strategy for international markets has a gre ater

chance of 80)

success

when

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- A) people speak the same language
- B) the firm's target customers live in cosmopolitan urban areas
- C) the message focuses on unique cultural factors
- D) combined with a localization product strategy
- E) none of the above

81) Which of the following factor(s) influence a company's pricing decision for selling in foreign markets? 81) _____

- A) differences in the customer's perception of value
- B) tariffs
- C) currency exchange rates
- D) transportation costs
- E) all of the above

82) As defined in the text, a _____ occurs when an unauthorized party imports products and then sells them for a fraction of the normal domestic price. 82) _____

- A) dumping
- B) smuggling offence
- C) free trade zones
- D) black market
- E) grey market

83) A robust grey market for a company's products in foreign markets would suggest that _____. 83) _____

- A) the company has priced its products too low for that particular market
- B) customers in that market perceive more value for the products
- C) competitors are having a difficult time keeping up
- D) the company has priced its products too high for that particular market
- E) none of the above

84) When a company tries to get a toehold in a foreign market by pricing its products lower than they are offered in their home market, this is called _____. 84) _____

- A) black market
- B) gray market
- C) dumping
- D) differential pricing
- E) free trade zones

85) As discussed in the text, the main challenge for a company seeking to establish distribution of their products in foreign markets is _____. 85) _____

- A) due to the currency exchange rates that must be taken into account
- B) securing a reliable system that takes local conditions into account
- C) finding suitable marketing intermediaries to do business with
- D) the higher costs of distributing in foreign markets
- E) none of the above

86) As defined in the text, the benefit an organization and society receive from its ethical practices, community service, efforts to promote cultural diversity, and concern for the natural environment is ironknown

- A) incremental profit
- B) social profit
- C) economic profit
- D) non-product profit
- E) incidental profit

87) When The Body Shop Canada takes a stand against using animals in product testing, it hopes to gain _____ by doing so. 87) _____

- A) non-product profit
- B) economic profit
- C) incremental profit
- D) social profit
- E) incidental profit

88) The authors of the text have called "the effort to do business right and do it well," a defining characteristic of _____. 88) _____

- A) the firm's ideological purpose
- B) the New Era of Marketing
- C) enlightened marketing
- D) the corporate mission
- E) the social business objective

89) As defined in the text, the rules of conduct for an organization are known as _____. 89) _____

- A) business ethics
- B) society's rules
- C) cultural norms
- D) social responsibilities
- E) business laws

90) _____ are basic values or rules of conduct that guide an organization's behaviour. 90) _____

- A) Environmental priorities
- B) Business ethics
- C) Corporate culture
- D) Social responsibilities
- E) Mission statements

91) A retailer such as Toys "R" Us discontinuing selling a video game because of complaints of inappropriate content from parents is an example of _____. 91) _____

- A) an emphasis on business ethics over short term profitability
- B) exercising social responsibility to customers
- C) caving in to social pressure
- D) due diligence on the part of management
- E) an abuse of civil liberties

92) As defined in the text, written standards of behaviour to which everyone in an organization must subscribe are known as _____. 92) _____

- A) a code of ethics
- B) mission statements
- C) procedure manuals

- D) social responsibility policies
- E) policy manuals

- 93) The American Marketing Association's (AMA) Code of Ethics states that marketers' professional conduct must be guided by _____. 93) _____
- A) the need to make money
 - B) the basic rule of professional ethics; not knowingly to do harm
 - C) the basic principle of caveat emptor
 - D) concern for the reputation of the profession
 - E) none of the above
- 94) As defined in the text, _____ is a social movement that attempts to protect consumers from harmful business practices. 94) _____
- A) the business ethics bureau
 - B) the code of ethics
 - C) the social responsibility league
 - D) the consumer rights lobby
 - E) consumerism
- 95) The mission of the Consumer's Association of Canada (CAC) is to _____. 95) _____
- A) inform and educate consumers of their rights
 - B) advocate on behalf of consumers
 - C) seek better value for consumers
 - D) both A and B
 - E) none of the above
- 96) Recent activities of the Consumers' Association of Canada have included _____. 96) _____
- A) fighting the practice of negative-option marketing
 - B) helping to establish improved quality standards for agricultural and manufactured goods
 - C) establishing protective legislation for consumers related to labelling and packaging
 - D) all of the above
 - E) none of the above
- 97) As discussed in the text, which of the following is an additional (eighth) consumer right suggested by the Consumers Council of Canada? 97) _____
- A) the right to be informed
 - B) the right to safety
 - C) the right to be heard
 - D) the right to privacy
 - E) the right to choose
- 98) Which of the following is not part of the Consumers' Association of Canada (CAC) Consumer Rights? 98) _____
- A) the right to be heard
 - B) the right to choose
 - C) the right to safety
 - D) the right to be informed
 - E) the right to full disclosure of costs
- 99) Nestle's Magic Chocolate Balls, a chocolate-encased plastic ball with a toy inside, were found to be a potential choking hazard for young children. It violated which of the following rights outlined in the CAC's Consumer Rights? 99) _____

- A) the right to choose
- B) the right to be informed
- C) the right to safety
- D) the right to redress
- E) the right to be heard

- 100) Michelle purchased a gift for her daughter only to find out that the product was defective. After several phone calls and letters, no one will respond to her. This is an example of violating which of the CAC's Consumer Rights? 100) _____
- A) the right to a healthy environment
 - B) the right to safety
 - C) the right to be informed
 - D) the right to choose
 - E) the right to be heard
- 101) Roger is a diabetic. He is able to check the contents of the food he is buying by reading the nutritional content label on each product. This is an example of which of the CAC's Consumer Rights? 101) _____
- A) the right to redress
 - B) the right to safety
 - C) the right to be informed
 - D) the right to choose
 - E) the right to be heard
- 102) Bob has noticed that the company that owns the local newspaper also owns the local radio station and the local television station. Which Consumer Right is potentially threatened by this concentration of ownership? 102) _____
- A) the right to be informed
 - B) the right to safety
 - C) the right to choose
 - D) the right to redress
 - E) the right to be heard
- 103) Scott notices that all three gas stations in his area charge the same for their gas. In fact, all twenty stations in his city charge the same. This could be an example of which of the following potentially unethical situations? 103) _____
- A) abuse of concentration of ownership
 - B) lack of a coherent government policy on oil pricing
 - C) price fixing on the part of the oil companies
 - D) all of the above
 - E) none of the above
- 104) Charging lower prices to larger customers is known as _____, and it is acceptable only if it reflects real cost savings for the manufacturer or is necessary to meet competitors' pricing. 104) _____
- A) price differential
 - B) volume discrimination
 - C) price gouging
 - D) price discrimination
 - E) favouritism
- 105) As discussed in the text, _____ is an unethical but not illegal practice of raising prices of a product to take advantage of its popularity. 105) _____

- A) profit fixing
- B) price discrimination
- C) price gouging
- D) price fixing
- E) product commodity

- 106) The textbook example of some Chrysler dealers charging more than the "sticker" or manufacturer's suggested retail price for the PT Cruiser when it was first introduced and in short supply illustrates the unethical but not necessarily illegal practice of _____. 106) _____
- A) price gouging
 - B) profit fixing
 - C) price discrimination
 - D) price fixing
 - E) product commodity
- 107) When hurricane Andrew hit the southern United States in 1992, Home Depot decided not to raise the prices of its plywood and other building supply materials, but to reduce them. Which of the following unethical strategies did it ignore? 107) _____
- A) price discrimination
 - B) product commodity
 - C) profit fixing
 - D) price gouging
 - E) price fixing
- 108) As discussed in the text, the Canadian advertising industry follows a process of self-regulation through an organization called _____. 108) _____
- A) Consumer's Council of Canada (CCC)
 - B) Canadian Intellectual Property Office (CIPO)
 - C) Consumer's Association of Canada (CAC)
 - D) Industry Canada (IC)
 - E) Advertising Standards Canada (ASC)
- 109) The Canadian advertising industry agency charged with regulating unfair or deceptive advertising is _____. 109) _____
- A) Advertising Standards Canada
 - B) Consumer's Association of Canada
 - C) Industry Canada
 - D) Consumer's Council of Canada
 - E) Federal Trade Commission
- 110) Which of the following is not within the mandate of the Advertising Standards of Canada with regards to advertising? 110) _____
- A) Provide a forum for complaints regarding advertising to be heard.
 - B) Help to prevent unfair or deceptive advertising.
 - C) Provide for cultural diversity in advertising.
 - D) Ensure appropriate portrayal of gender equality in advertising.
 - E) Ensure the accuracy and appropriateness of claims made.
- 111) As discussed in the text, the purpose of the Gender Portrayal Guidelines in advertising is to _____. 111) _____
- A) fight gender myths by using humour
 - B) fight against sexual exploitation and to portray women and men as equals

- C) reinforce negative stereotypes regarding gender
- D) limit what can be shown in advertising to children
- E) none of the above

- 112) A fee paid by a manufacturer to a retailer in exchange for agreeing to place products on the retailer's shelves is called _____. 112) _____
- A) shelf bonus
 - B) a display fee
 - C) a cooperative charge
 - D) a slotting allowance
 - E) a promotional fee
- 113) Lisa, a sales rep, is trying to get her products on the shelves at Super Computer Outlet, a large retailer. The store has agreed, but she will have to pay a fee of \$300 per store. These fees are called _____. 113) _____
- A) cooperative charges
 - B) slotting allowances
 - C) display fees
 - D) promotional fees
 - E) shelf discounts
- 114) The practice of retailers charging slotting allowances for securing shelf space is considered to be unethical for which of the following reasons? 114) _____
- A) It limits the consumer's freedom of choice.
 - B) It adds to the manufacturer's costs.
 - C) It raises prices to the consumer.
 - D) It improves the retailer's bargaining power.
 - E) The money paid is not properly accounted for.
- 115) As defined in the text, _____ is a management practice in which organizations seek to engage in activities that have a positive effect on society and promote the public good. 115) _____
- A) ethical business practice
 - B) social responsibility
 - C) public promotion
 - D) corporate culture
 - E) public obligations
- 116) Which of the following is likely to be included in an organization's social responsibilities? 116) _____
- A) environmental stewardship
 - B) encouraging cultural diversity
 - C) examining both short- and long-term effects of its decisions on all stakeholders
 - D) cause marketing
 - E) all of the above
- 117) As defined in the text, _____ is a position taken by an organization to protect or enhance the natural environment as it conducts its business activities. 117) _____
- A) environmental stewardship
 - B) green marketing
 - C) cause marketing
 - D) corporate culture
 - E) total quality management

- 118) Toyota developing a hybrid vehicle that can run on renewable energy sources would be considered an example of _____. 118) _____
- A) green marketing
 - B) cause marketing
 - C) total quality management
 - D) corporate culture
 - E) environmental stewardship
- 119) When The Body Shop Canada uses sustainability strategies to help sustain resources for future generations, it is displaying its commitment to _____. 119) _____
- A) total quality management
 - B) corporate culture
 - C) green marketing
 - D) cause marketing
 - E) environmental stewardship
- 120) The term _____ describes efforts by firms to choose packages, product designs, and other aspects of the marketing mix that are earth-friendly but still profitable. 120) _____
- A) corporate culture
 - B) green marketing
 - C) total quality management
 - D) cause marketing
 - E) environmental stewardship
- 121) A marketing strategy that supports environmental stewardship by creating an environmentally founded differential benefit in the minds of consumers is known as _____. 121) _____
- A) green marketing
 - B) green positioning
 - C) environmental stewardship
 - D) total quality management
 - E) cause marketing
- 122) When Sonoco Products Co., one of the largest packaging companies, started taking back used boxes from its customers so they didn't have to worry about disposing of them, Sonoco was practicing _____. 122) _____
- A) corporate culture
 - B) environmental stewardship
 - C) green marketing
 - D) cause marketing
 - E) total quality management
- 123) A marketing strategy in which an organization serves its community by promoting and supporting a worthy cause or by allying itself with non-profit organizations to tackle a social problem is called _____. 123) _____
- A) green marketing
 - B) cause marketing
 - C) environmental stewardship
 - D) corporate culture
 - E) total quality management
- 124) Which of the following are problems associated with cause marketing? 124) _____
- A) Customers question the sincerity of companies involved.

- B) Customers don't see the connection between the company and the cause.
- C) Customers see the programs as short-term gimmicks.
- D) all of the above
- E) none of the above

125) The purpose of Avon Canada's long-term association with breast-cancer awareness is to _____ 125) _____

- A) increase goodwill towards the company
- B) improve women's health
- C) increase profitability of the company
- D) both A and B
- E) none of the above

126) As defined in the text, _____ is a management practice that actively seeks to include people of different sexes, races, ethnic groups, religions and sexual preferences in an organization's employees, customers, suppliers, and distribution channel partners. 126) _____

- A) cultural diversity
- B) community involvement
- C) business ethics
- D) social responsibility
- E) employment equity

127) To foster diversity, companies should make an effort to recruit which of the following people? 127) _____

- A) different religions
- B) different races
- C) different sexes
- D) different ethnic groups
- E) all of the above

128) As discussed in the text, Warner-Lambert Canada's commitment to cultural diversity is based on which of the following philosophies? 128) _____

- A) It is the law in Canada.
- B) It is the morally correct thing to do.
- C) Green marketing can be more profitable if practised correctly.
- D) To truly know our customers, our company should be a reflection of the population we hope to serve.
- E) none of the above

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

129) Only large firms benefit from the strategic planning process. 129) _____

130) Planning helps an organization to meet the challenges of a rapidly changing external environment. 130) _____

131) Strategic planning involves matching the organization's resources and capabilities to its market opportunities for long-term growth and survival. 131) _____

132) Due to their short-term focus, strategic plans can be readily implemented into an organization's daily activities. 132) _____

133) An organization's strategic plan is part of its overall marketing plan. 133) _____

- 134) An objective of the marketing plan is to set priorities regarding markets the organization wants to compete in, customers it would like to serve, and how it plans to serve those customers. 134) _____
- 135) Setting the yearly budget and business objectives is the final stage of the strategic planning process, as discussed in the text. 135) _____
- 136) A formal statement of an organization's purpose and what it hopes to achieve in terms of its customers, products, and resources are known as its statement of guiding principles. 136) _____
- 137) The major difference between an organization's internal environment and the external environment is the degree of control the firm has over each. 137) _____
- 138) An organization's external environment may include demographic, social, cultural, economic, competitive, regulatory, and technological factors that affects its ability to achieve its objectives. 138) _____
- 139) The organization's preferences and values is a key part of the external environment. 139) _____
- 140) As discussed in the text, organizational objectives are a direct outgrowth of the mission statement. 140) _____
- 141) Strategic business units (SBUs) are individual units within the firm that operate like separate businesses, with each having its own mission, business objectives, resources, managers, and competitors. 141) _____
- 142) As described in the text, SBU objectives broadly identify what the firm hopes to accomplish within the general time frame of the firm's long-range strategic business plan. 142) _____
- 143) SBU objectives are rarely set in terms of measurable standards, but are rather more broadly defined. 143) _____
- 144) From a strategic planning perspective, a firm's business portfolio contains the stocks and bonds in which the firm has invested. 144) _____
- 145) The purpose of having a diversified business portfolio is to reduce an organization's risk by lowering its dependence on one product or one group of customers. 145) _____
- 146) A growth strategy that focuses on developing new or improved products for customers is known as a market development, because the new products expand the company's markets. 146) _____
- 147) Growth strategies that focus on introducing new products in existing markets are known as diversification strategies. 147) _____
- 148) A growth strategy that focuses on developing new products for new markets is known as a diversification strategy. 148) _____
- 149) Frito-Lay developing a line of healthier snack foods for its potato chip target market would be said to be following a market development strategy. 149) _____
- 150) When Cadillac decides to focus on attracting younger buyers with more performance-oriented vehicles, they are said to be following a market development growth strategy. 150) _____
- 151) A document that describes the marketing environment, outlines the marketing objectives and strategy, 151) _____

and 151)
identifies
who will
be
responsi
ble for
carrying
out each
part of
the
marketin
g
strategy
is known
as the
tactical
plan.

-

- 152) Opportunities and threats to an organization can come from any part of its internal environment, as revealed by the SWOT analysis. 152) ____
- 153) Due to its comprehensive nature, the SWOT analysis is used chiefly in the development of functional plans. 153) ____
- 154) As discussed in the text, the key to SWOT analysis is to not get bogged down in "analysis paralysis." 154) ____
- 155) As discussed in the text, the underlying goal of all marketing strategies and plans is to create a competitive advantage for the firm. 155) ____
- 156) In the strategic planning process, functional plans are developed from the marketing plan. 156) ____
- 157) The crucial decision that companies operating in more than one country must make concerns what language their advertising should feature. 157) ____
- 158) Advocates of a standardization approach to international markets argue that this approach works best when the cultures of different markets are very diverse. 158) ____
- 159) Advocates of a localization approach to international markets argue that this approach is the most cost-efficient to use due to its large economies of scale. 159) ____
- 160) Due to its almost universal appeal, Coca-Cola would be a good example of a company using a standardized approach to international markets. 160) ____
- 161) As discussed in the text, food companies such as Frito-Lay Inc., and Snapple Beverage Company who attempt to serve international markets have learned the value of a localization strategy the hard way, that is, by the failure of standard products in new markets due to differences in local tastes and customs. 161) ____
- 162) A straight extension strategy for a foreign market involves developing new versions of the product to appeal to local tastes. 162) ____

- 163) A product adaptation strategy for foreign markets involves developing entirely new products that appeal to local tastes and preferences. 163) _____
- 164) A product invention strategy for foreign markets requires developing entirely new products that will appeal to different tastes, preferences, and conditions. 164) _____
- 165) A grey market is said to occur in foreign markets when a company's products are only preferred by the oldest segments of the population. 165) _____
- 166) The practice of dumping occurs when a company tries to sell their products in foreign markets at prices less than they are sold in their home market. 166) _____
- 167) Establishing a reliable distribution system for international markets can be a challenge due to local differences in infrastructure, past trading relationships, and lack of shelf space due to entrenched competition. 167) _____
- 168) Social profit is a concept that involves ethical business behaviour and social responsibility. 168) _____
- 169) A company interested in social profit must take a short-term approach to their decision-making, or they will not be successful. 169) _____
- 170) Most ethical business issues are straight forward to understand and make decisions on as commercial law follows a universal standard around the world. 170) _____
- 171) Written standards of behaviour to which everyone in an organization must subscribe are known as a code of ethics. 171) _____
- 172) Consumerism is an attitude most closely aligned with getting the best price for any goods or services purchased. 172) _____
- 173) Nutritional labelling of food products is an illustration of the consumer's right to be informed, as promoted by the Consumers' Association of Canada. 173) _____
- 174) Companies that keep their consumers' best interests in mind from the very beginning can help avoid the problems and costs of consumerism activities. 174) _____
- 175) An illegal business practice in which firms decide in advance on a common price for their product is known as price gouging. 175) _____
- 176) Charging lower prices to larger customers without there being a corresponding decrease in costs to serve those customers is an illegal practice known as price fixing. 176) _____

SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

- 177) Define the process of strategic planning and describe the benefits that an organization might enjoy as a result of investing their time and energy in doing it. 177) _____
- 178) Identify and briefly describe the three levels of planning within the strategic planning process, as discussed in the text. 178) _____
- 179) Identify and briefly describe the five stages in the strategic planning process. 179) _____
- 180) Describe what a mission statement is and how it might affect the strategic planning process, 180) _____

particular
ly its
relations
hip to
the
setting of
corporate
objectives.

- 181) What is meant by an SBU, and why do organizations use them? 181) _____
- 182) Describe the different growth strategies that are available to an organization, using products and markets as a way to differentiate them. 182) _____
- 183) Describe the components of a SWOT analysis and its importance to the strategic planning process. 183) _____
- 184) Describe the six "fatal flaws" that are the basic reasons that some organizations fail. 184) _____
- 185) Describe what is meant by competitive advantage and provide examples of advantages that a firm might seek to create. Are all competitive advantages sustainable? 185) _____
- 186) What are the main considerations a company must face when making the standardization versus localization decision on marketing strategy for foreign markets? 186) _____
- 187) Identify and briefly discuss the three product strategies available for introducing products into foreign markets. 187) _____
- 188) Describe the ethical dimensions to the use of slotting allowances by retailers, particularly in light of the increased popularity of private label brands sold by these retailers. 188) _____
- 189) Explain the concept of green marketing and how it might help a producer or retailer increase their business. Are there problems with this approach? 189) _____

Mini-case: Simcoe Auto Sales

Shelley is a student in the automotive marketing program at Georgian College, and when she is not in school, she works at her family-owned used vehicle dealership, which is located in Barrie, Ontario. Simcoe Auto Sales was established by her father ten years ago, after a successful sales career at a number of local new car dealerships. Shelley's father was known as a "super salesperson" and something of a local personality, due to his long history of active participation in local politics. Everyone in the area knew Shelley's father, and many people came to the business when in need of a new or used vehicle, regardless of what brand they were looking for, knowing that if he did not have it in stock, he would find it for them. The business specialized in selling and leasing late-model used vehicles, which meant that they did not sell or stock anything over five years old, unless it was a special classic vehicle, which they sold very infrequently. The dealership had a small service department, which was used primarily for reconditioning vehicles when they first came into the business, and minor repairs for vehicles that were no longer under the manufacturer's warranty. Shelley's father had long discouraged a focus on generating additional service business, as he considered it to be a nuisance and unlikely to be very profitable, as most used vehicle customers wanted repairs to be made at the dealer's expense, rather than paying for them.

Shelley had recently been concerned about a series of articles in the news regarding unethical business practices in the

used vehicle industry. These articles and a recent investigative report on television documented the many shady practices that used vehicle sellers could use to take advantage of unknowing customers, which did nothing to help promote the used vehicle industry. The automotive market in Barrie had a large number of new and used vehicle dealers, all competing for a limited number of customers, so any bad press was not likely to help matters. In addition, not all used vehicle dealers could be considered the same in terms of investment in the business, reputation, and belief in the value of ethical business behaviour. Unfortunately, to most customers, all used vehicle sellers were considered to be the same, and not a very positive image at that.

Thinking about how this type of negative perception could affect the future viability of the business, it occurred to her that some of the things that she had learned in one of her marketing courses might prove to be useful to addressing this situation.

190) Why should this type of business be concerned about business ethics? 190) _____

191) How might Simcoe Auto Sales demonstrate its commitment to ethical business practices? 191) _____

192) How could social responsibility influence the success of this business? 192) _____

- 1) E
- 2) A
- 3) D
- 4) E
- 5) C
- 6) A
- 7) D
- 8) D
- 9) A
- 10) D
- 11) A
- 12) C
- 13) D
- 14) A
- 15) A
- 16) A
- 17) D
- 18) D
- 19) D
- 20) D
- 21) D
- 22) E
- 23) C
- 24) A
- 25) A
- 26) E
- 27) C
- 28) C
- 29) C
- 30) C
- 31) C
- 32) E
- 33) A
- 34) D
- 35) B
- 36) A
- 37) A
- 38) C
- 39) E
- 40) B
- 41) C
- 42) E
- 43) B
- 44) B
- 45) D
- 46) D
- 47) B
- 48) E
- 49) D
- 50) A
- 51) A

52) D
53) C
54) E
55) B
56) A
57) E
58) C
59) D
60) D
61) A
62) D
63) B
64) E
65) B
66) D
67) B
68) C
69) D
70) B
71) D
72) C
73) D
74) A
75) C
76) D
77) A
78) A
79) A
80) B
81) E
82) E
83) D
84) C
85) B
86) B
87) D
88) B
89) A
90) B
91) A
92) A
93) B
94) E
95) D
96) D
97) D
98) E
99) C
100) E
101) C
102) C
103) D

104) D
105) C
106) A
107) D
108) E
109) A
110) C
111) B
112) D
113) B
114) A
115) B
116) E
117) A
118) E
119) E
120) B
121) A
122) C
123) B
124) D
125) D
126) A
127) E
128) D
129) FALSE
130) TRUE
131) TRUE
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- 164) TRUE
- 165) FALSE
- 166) TRUE
- 167) TRUE
- 168) TRUE
- 169) FALSE
- 170) FALSE
- 171) TRUE
- 172) FALSE
- 173) TRUE
- 174) TRUE
- 175) FALSE
- 176) FALSE

- 177) Organizations both large and small benefit from strategic planning because it helps them to cope with the rapidly changing environments in which they must operate. Good strategic planning matches the mission and resources of the organization to the opportunities that exist for it within its environments, while avoiding the threats that also exist. Strategic planning also provides direction for all stakeholders of an organization as to where it wants to go and how it plans to get there.
- 178) Strategic planning is done by top management, which sets the long-term direction of the organization as to how it will achieve its mission. These plans are then taken by middle managers who create marketing plans, which are shorter term (one year) in nature and focus on developing strategies for achieving the organizational objectives. First-level managers take these plans and create functional plans which focus on the day-to-day actions required by each of the departments within the business to carry out the marketing plan. Taken as a whole, the functional plans are also known as operational plans.
- 179) The five stages of the strategic planning process are: defining the organization's mission; evaluating the environment in which it must operate; setting organizational objectives; planning the business portfolio; and developing growth strategies. The early parts of the process help management to determine what it wants to achieve and to set objectives. The later stages determine what businesses the organization should be in, matching their resources and distinctive competencies to the opportunities that exist within their environment.
- 180) A mission statement was defined in the text as a formal statement in an organization's strategic plan that describes the overall purpose of the organization and what it intends to achieve in terms of its customers, products, and resources. Good mission statements tell all of the organization's stakeholders why the company exists and what it hopes to accomplish. From this statement, senior management of the organization can set objectives for the company and develop strategies to achieve them.
- 181) The term SBU is short for strategic business unit, which is used to describe individual units within a larger organization, each having its own mission, objectives, resources, managers, and competitors. They are like small companies within a larger one. Many large, diversified corporations are organized this way because it facilitates planning and managing, and when used as profit centers, it also improves accountability.
- 182) Organizations may use a number of different strategies for growth. Focusing on increasing sales of existing products to customer segments already being served would be considered a market penetration strategy, as it seeks to increase market share. Developing new products for existing markets would be called product development, while seeking new markets for existing products would be called market development. Lastly, a diversification strategy seeks to develop new products for new markets.
- 183) The SWOT analysis identifies strengths, weaknesses, opportunities, and threats. Strengths are those factors which

are external to the organization and positive, while weaknesses are those factors which are internal and negative. Opportunities are external to the organization and positive, while threats are external and negative. The SWOT analysis is important to the planning process because it is an evaluation of the current situation facing the organization, and it is necessary to know where you are now before you can develop plans for where you wish to be in the future. Developing marketing strategy is a process of matching the strengths of the organization to the opportunities that exist within its environment.

- 184)
 1. Failure to innovate: no differentiation - organizations that do not create offers that are superior in some way to those already available.
 2. Failure to create value: there is not a large enough market segment that wants a particular offer.
 3. Failure to persist over time - insufficient margins, volumes, resources.
 4. Failure to maintain economic scarcity - offers that are imitable or substitutable
 5. Failure to prevent "appropriation" of value: hold up or slack.
 6. Failure to be flexible and adapt.
- 185) A competitive advantage was defined as the ability of a firm to outperform the competition, providing customers with a benefit the competition cannot. The sustainability of a competitive advantage is directly related to how easily it can be copied by other firms in the industry. A firm might use its distribution strategy as a sustainable competitive advantage because it is not easily copied due to the infrastructure required, and in some cases, the supply of quality marketing intermediaries within given market areas may be limited in number. Conversely, good promotional strategies such as creative advertising can be easily copied and rarely last more than one season before they wear out.
- 186) A company must decide if the cost savings that could be achieved by using a standardization strategy would be enough to offset the loss in sales that may occur due to not adapting the product for localized tastes or preferences. In some cases, the decision may be an easy one, such as if the product will not sell at all unless it is adapted to local preferences, or if the main selling point in the new market is the fact that the product is of foreign origin. Many companies choose to split the middle and modify their existing strategy only to what is needed to achieve their objectives for the new market, while still retaining a consistent look to the marketing strategy, also known as a "think global, act local" strategy.
- 187) A straight extension strategy retains the same product and marketing mix for the different markets, while a product adaptation strategy modifies the product and mix to better fit the local cultural norms and conditions, and a product invention strategy develops an entirely new product and marketing mix to fit the preferences and conditions in the foreign market.
- 188) As defined in the text, slotting allowances are fees paid by a manufacturer to a retailer in exchange for agreeing to place products on the retailer's shelves. This creates the potential for a situation in which shelf space would be sold only to the highest bidder, thus preventing smaller manufacturers from gaining access to customers through the retail channel. Extensive private labelling of products by the retailers has contributed to this situation as retailers now have far more choice in what products they can choose to stock, including their own brands which tend to be more profitable for them to sell than nationally advertised brands.
- 189) Green marketing was defined as a marketing strategy that supports environmental stewardship by creating an environmentally founded differential benefit in the minds of consumers. Being green would help a business only to the extent that its target customers see this as being important. Green marketing has suffered over the years from confusion over what being "green" really means in terms of products or actions. Being green has generally been defined as using packaging, product design or materials, or other marketing mix elements that are more earth friendly than conventional methods. Using biodegradable materials or supporting recycling and reuse programs are both considered to be better for the environment. Most consumers will indicate a preference for green products, but their purchasing behaviour shows mixed support for these products, particularly if they are more expensive than conventional alternatives.
- 190) While any type of businesses should be concerned about ethical business practices, a used vehicle dealer in particular must overcome a strong public image of being less than honest or ethical. Most consumers see the used car sales person as being a fast-talking, con artist who just wants to take their money and sell them a lemon. Sadly, this is not the case for the majority of people in this business, however, the unethical practices of a few have the effect of hurting all in the industry. The type of products being sold are also a contributing factor, as the true value of a used vehicle is difficult to ascertain, other than what someone is willing to pay for it. This particular business,

Simcoe, has a long history of selling nearly-new vehicles and lease buy-backs, and an owner who is well-known in the local area, both factors that should help to instill confidence in consumers. The rise of consumerism in society today is another good reason why ethical business practices are a good idea, that is, customers are more vocal and inclined to act when they perceive that they have been taken advantage of.

191) Simcoe Auto Sales can demonstrate its commitment to ethical business practices in several ways. At the very minimum, they must obey the law, which in Ontario means being licensed with the provincial regulating body for vehicle sales, which is called OMVIC. Secondly, they can align themselves with other business organizations in their industry, and in the community as a whole, such as Used Vehicle Dealers of Ontario, and the local Better Business Bureau. Thirdly, they can display the OMVIC code of ethics or develop their own, which customers would be able to see. Lastly, Simcoe Auto Sales can demonstrate their commitment to ethical business practices in their behaviour towards customers and other interested stakeholders.

192) Social responsibility was defined as a management practice in which organizations seek to engage in activities that have a positive effect on society and promote the public good. Simcoe Auto Sales could use this concept to build a public image of a trustworthy business and active member of the community. Participating in community activities such as fundraising for local charities, sponsorship of local sports teams, downtown business associations, festivals, and other special events could raise their profile within the community. Sponsoring a scholarship program at the local high school or offering co-op placement opportunities to students could also be effective in elevating their image.