Chapter 01

The Evolution of Advertising

**True / False Questions**

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| 1. | Advertising is just one type of marketing communications tool.  True    False |

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| 2. | Computer repair, ergonomic keyboards, and printer ink cartridges are all examples of goods.  True    False |

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| 3. | The billboard that displays an advertisement for a new Internet service provider is an example of a medium.  True    False |

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| 4. | The term mass media includes print media only. The other mediums are part of the general media.  True    False |

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| 5. | The ultimate goal of the marketing process is to build a strong brand image.  True    False |

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| 6. | The marketing strategy refines the target audience and defines what responses the advertiser is seeking—what the audience should notice, think, and feel.  True    False |

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| 7. | Our economy is based on the concept of perfect competition.  True    False |

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| 8. | Integrated marketing communications involves the coordination of messages from multiple sources including PR, television, radio, and digital media.  True    False |

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| 9. | One of the functions of advertising as a marketing tool is to build value, brand preferences, and loyalty.  True    False |

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| 10. | One of the basic functions of advertising is to communicate information about the product, its features, and its location of sale.  True    False |

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| 11. | The preindustrial age extended from the beginning of recorded history to the first decades of the 1900s.  True    False |

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| 12. | Benjamin Franklin was an early critic of advertising.  True    False |

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| 13. | During the industrializing age, manufacturers were primarily concerned with production rather than marketing.  True    False |

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| 14. | For Americans, the profession of advertising began when Volney B. Palmer set up business in Philadelphia is 1841.  True    False |

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| 15. | With the advent of public schooling, the United States reached an unparalleled 90 percent literacy rate.  True    False |

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| 16. | The industrial age ended shortly after World War II.  True    False |

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| 17. | The retailer of Craftsmen tools is using product differentiation when it advertises that unlike other tools, Craftsman tools have a lifetime warranty.  True    False |

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| 18. | A product's USP is the feature that differentiates it from competitive products.  True    False |

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| 19. | Product differentiation is a strategy of identifying groups of people or organizations with certain shared needs and characteristics.  True    False |

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| 20. | Bo Jangles, a fast food restaurant chain, is using a positioning strategy when it claims its chicken has the "true taste of New Orleans."  True    False |

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| 21. | Demarketing, which was popular in the industrial age, is no longer used today.  True    False |

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| 22. | Sales promotion is a more cost-effective marketing communication tool than advertising.  True    False |

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| 23. | Only the Internet provides advertisers with the ability to engage in narrowcasting.  True    False |

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| 24. | As a social force, advertising has been a major factor in improving the standard of living in the United States.  True    False |

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| 25. | In 1914, Congress passed the Federal Trade Commission Act to protect the public's health and control drug advertising.  True    False |

**Multiple Choice Questions**

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| 26. | \_\_\_\_\_ is the structured and composed nonpersonal communication of information, usually paid for and usually persuasive in nature, about products or ideas by identified sponsors through various media.

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| A.  | Marketing |

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| B.  | Sales promotion |

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| C.  | Advertising |

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| --- | --- |
| D.  | Feedback |

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| --- | --- |
| E.  | Message channeling |

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| 27. | Which of the following statements about advertising is true?

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| A.  | It rarely involves branding. |

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| B.  | It is usually free or inexpensive. |

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| C.  | It has an identifiable sponsor. |

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| D.  | It is intended to provide information. |

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| E.  | It is restricted to a single medium. |

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| 28. | Since advertising is typically directed to groups of people rather than to individuals, advertising is defined as a:

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| A.  | channel. |

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| B.  | subtle medium. |

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| C.  | sponsor-driven strategy. |

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| --- | --- |
| D.  | market segmentation strategy. |

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| E.  | kind of nonpersonal communication. |

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| 29. | When Mollie buys a box of disposable diapers and June purchases a copy of the *Wall Street Journal*, both are acting as:

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| A.  | buying centers. |

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| --- | --- |
| B.  | consumers. |

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| --- | --- |
| C.  | product innovators. |

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| --- | --- |
| D.  | strategic points of service. |

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| E.  | product adopters. |

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| 30. | Which of the following organizations is most likely to use a public service announcement (PSA)?

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| A.  | The Humane Society |

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| --- | --- |
| B.  | Dell Computer |

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| --- | --- |
| C.  | American Stock Exchange |

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| --- | --- |
| D.  | Delta Airlines |

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| --- | --- |
| E.  | Walmart |

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| 31. | Which of the following is an example of a good?

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| --- | --- |
| A.  | A medical examination |

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| --- | --- |
| B.  | An Internet provider |

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| --- | --- |
| C.  | A copier |

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| --- | --- |
| D.  | A haircut |

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| --- | --- |
| E.  | A car warranty |

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| 32. | Which of the following is the best example of a service?

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| A.  | A seminar on how to quit smoking |

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| --- | --- |
| B.  | A gift basket of fruit |

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| --- | --- |
| C.  | Vitamins to improve one's health |

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| D.  | Gift wrapping paper sold at a school fund-raiser |

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| E.  | A donation of clothes to the Salvation Army |

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| 33. | Which of the following would most likely involve a Public Service Announcement (PSA)?

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| A.  | Dell recalling laptops to correct manufacturing defects |

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| B.  | Verizon promoting a new data plan with unlimited texting |

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| C.  | Walmart advertising year-end discounts and clearance items |

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| D.  | American Red Cross promoting blood donation opportunities |

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| E.  | A local Chevrolet dealer providing the address of its new showroom |

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| 34. | Which of the following statements is true about word-of-mouth advertising?

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| A.  | It is not a communication medium. |

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| B.  | It is not an advertising medium. |

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| --- | --- |
| C.  | It is a paid form of advertising. |

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| D.  | It is an openly-sponsored form of advertising. |

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| E.  | It has a structured form. |

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| 35. | Advertising reaches us through various channels of communication referred to as:

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| A.  | feedback mechanisms. |

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| B.  | media. |

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| --- | --- |
| C.  | encoding tools. |

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| D.  | distribution methods. |

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| E.  | information processes. |

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| 36. | Of all the business functions, \_\_\_\_\_ is the only function whose primary role is to bring in revenue.

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| --- | --- |
| A.  | finance |

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| --- | --- |
| B.  | operations management |

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| --- | --- |
| C.  | human resource management |

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| --- | --- |
| D.  | marketing |

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| --- | --- |
| E.  | accounting |

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| 37. | \_\_\_\_\_ is the process of creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.

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| A.  | Management |

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| --- | --- |
| B.  | Advertising |

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| --- | --- |
| C.  | Communications |

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| --- | --- |
| D.  | Logistics |

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| --- | --- |
| E.  | Marketing |

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| 38. | The 4 Ps of the marketing mix are:

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| A.  | product, price, place, and promotion. |

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| B.  | product, people, process, and promotion. |

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| C.  | people, price, place, and product. |

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| D.  | product, process, people, and physical evidence. |

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| E.  | place, people, product, and process. |

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| 39. | \_\_\_\_\_ has driven the growth of advertising since its earliest beginnings and has made it one of the hallmarks of the free enterprise system.

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| A.  | The cultural environment |

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| --- | --- |
| B.  | Tactical management strategy |

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| --- | --- |
| C.  | Economics |

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| --- | --- |
| D.  | Literacy |

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| --- | --- |
| E.  | Socialism |

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| 40. | Which fundamental assumption of free-market economics suggests that people are acquisitive and always want more—for less?

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| A.  | Many buyers and sellers |

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| --- | --- |
| B.  | Absence of externalities |

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| --- | --- |
| C.  | Presence of opportunity costs |

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| --- | --- |
| D.  | Self-interest |

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| --- | --- |
| E.  | Complete information |

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| 41. | As a marketing tool, advertising is most likely used to:

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| A.  | create unfair advantages among competitors. |

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| --- | --- |
| B.  | encourage buyers to compare prices. |

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| --- | --- |
| C.  | control viral commercialization. |

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| --- | --- |
| D.  | increase product use. |

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| --- | --- |
| E.  | create feedback. |

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| 42. | In the context of free-market economics, the use of taxation and/or regulation to compensate for or eliminate the social cost when the sale or consumption of products may benefit or harm other people who are not involved in the transaction and didn't pay for the product, falls under the assumption of:

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| --- | --- |
| A.  | many buyers and sellers. |

|  |  |
| --- | --- |
| B.  | absence of externalities. |

|  |  |
| --- | --- |
| C.  | presence of opportunity costs. |

|  |  |
| --- | --- |
| D.  | self-interest. |

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| --- | --- |
| E.  | complete information. |

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| 43. | During the preindustrial age, most advertisements took the form of signs with symbols such as a beer tankard indicating a tavern because:

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| A.  | most people were illiterate and could not read. |

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| B.  | most firms could not afford more sophisticated advertisements. |

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| C.  | local laws prohibited advertising in newspapers. |

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| D.  | most churches would not approve other forms of advertising. |

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| E.  | signs and symbols were considered lucky. |

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| 44. | The period in the evolution of advertising that extended from the beginning of recorded history to roughly the start of the nineteenth century was called the:

|  |  |
| --- | --- |
| A.  | sales era. |

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| --- | --- |
| B.  | positioning age. |

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| --- | --- |
| C.  | industrial age. |

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| --- | --- |
| D.  | industrializing age. |

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| E.  | preindustrial age. |

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| 45. | Which of the following ages in the evolution of advertising was characterized by the Chinese inventing paper, Johannes Guttenberg inventing the printing press, and the Boston Newsletter beginning to carry advertisements that appealed to American colonists?

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| A.  | Age of reason |

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| --- | --- |
| B.  | Industrial age |

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| --- | --- |
| C.  | Preindustrial age |

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| --- | --- |
| D.  | Industrializing age |

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| E.  | Mercantile age |

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| 46. | What did the first ad in English advertise?

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| --- | --- |
| A.  | A plow |

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| --- | --- |
| B.  | A farm |

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| --- | --- |
| C.  | A prayer book |

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| --- | --- |
| D.  | A religious service |

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| --- | --- |
| E.  | A pub |

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| 47. | According to the history of advertising, the \_\_\_\_\_ made possible the first advertising formats—posters, handbills, signs, and newspapers.

|  |  |
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| A.  | quill pen |

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| --- | --- |
| B.  | printing press |

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| --- | --- |
| C.  | silk screen |

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| --- | --- |
| D.  | ability to mold lead |

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| E.  | ability to copy and draw |

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| 48. | Benjamin Franklin:

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| A.  | was the first American known to use illustrations in ads. |

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| B.  | was the first to print color ads. |

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| C.  | was the first American to use copy in ads. |

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| D.  | printed ads with no clutter. |

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| E.  | minimized white space in ads. |

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| 49. | During the \_\_\_\_\_ age, manufacturers were principally concerned with production, and the primary burden of marketing fell on the wholesalers.

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| --- | --- |
| A.  | preindustrial |

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| --- | --- |
| B.  | postindustrial |

|  |  |
| --- | --- |
| C.  | industrializing |

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| --- | --- |
| D.  | industrial |

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| --- | --- |
| E.  | isolation |

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| 50. | Which of the following statements best describes how Volney B. Palmer influenced advertising?

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| A.  | In 1729, he became the first to use "white space" and illustration in ads. |

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| B.  | In 1841, he set up the first professional advertising agency in the United States. |

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| C.  | In 1869, his advertising agency becomes the first to prepare ads for manufacturers. |

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| D.  | In 1888, he founded the *Printer's Ink* magazine. |

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| E.  | In 1912, he became the first advertising agent to reach $2 million in sales. |

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| 51. | What role did the firm N. W. Ayer & Son play in the history of U.S. advertising?

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| A.  | It was the first printer to use illustrations in its ads. |

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| B.  | It was the first manufacturer to use national advertising. |

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| C.  | It was the first ad agency to charge a commission based on the "net cost of space." |

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| D.  | Its advertising claims were the first examined by the Food & Drug Administration. |

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| E.  | It published the first colonial newspaper with advertisements for local businesses. |

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| 52. | Who is considered the father of advertising art?

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| A.  | Francis Ayer |

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| --- | --- |
| B.  | Benjamin Franklin |

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| --- | --- |
| C.  | Volney B. Palmer |

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| --- | --- |
| D.  | Johannes Gutenberg |

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| --- | --- |
| E.  | N. W. Ayer |

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| 53. | Why did magazines become the ideal medium for advertising in the 1840s?

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| A.  | Magazines offered the best quality reproduction. |

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| B.  | Magazines were less expensive than newspapers. |

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| C.  | Magazines were read more often than newspapers. |

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| D.  | Advertisers were tired of using newspapers to carry their messages. |

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| E.  | No taxes were imposed on magazine advertising unlike newspaper advertising. |

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| 54. | Why is 1896 considered an extremely important year for direct mail advertising and mail-order selling?

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| A.  | Advertising agencies were allowed to charge commissions for their services. |

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| B.  | The U.S. Post Office was created. |

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| C.  | The Office of Consumer Affairs guaranteed that consumers could return products that did not meet their needs. |

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| D.  | The Federal Communications Commission took control of all mail order and direct mail advertising. |

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| E.  | The Federal Government inaugurated rural free mail delivery. |

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| 55. | Which of the following occurred near the end of the nineteenth century and accelerated the usage of print ads by manufacturers?

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| A.  | World War I finally ended. |

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| B.  | Global advertising agencies formed. |

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| C.  | Newspaper advertisements decreased in cost. |

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| D.  | The United States reached a 90 percent literacy rate. |

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| E.  | English was established as the official language of the United States. |

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| 56. | With respect to the evolution of advertising in the United States, the \_\_\_\_\_ age started around the turn of the twentieth century and lasted well into the 1970s.

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| A.  | service marketing |

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| --- | --- |
| B.  | relationship marketing |

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| --- | --- |
| C.  | industrial |

|  |  |
| --- | --- |
| D.  | production |

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| --- | --- |
| E.  | mercantile |

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| 57. | The term \_\_\_\_\_ best explains why most automobile manufacturers produce similar products yet consumers have preferences for specific brands.

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| --- | --- |
| A.  | market segmentation |

|  |  |
| --- | --- |
| B.  | market formatting |

|  |  |
| --- | --- |
| C.  | product differentiation |

|  |  |
| --- | --- |
| D.  | strategic marketing |

|  |  |
| --- | --- |
| E.  | product segmentation |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 58. | Which term best refers to items such as detergent, nail polish, soda, and pretzels?

|  |  |
| --- | --- |
| A.  | Customized packaged goods |

|  |  |
| --- | --- |
| B.  | Consumer packaged goods |

|  |  |
| --- | --- |
| C.  | In-house products |

|  |  |
| --- | --- |
| D.  | Branded products |

|  |  |
| --- | --- |
| E.  | Serviceable goods |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 59. | The industrializing age of the nineteenth century saw the shift of orientation from:

|  |  |
| --- | --- |
| A.  | production to consumption. |

|  |  |
| --- | --- |
| B.  | sales to consumption. |

|  |  |
| --- | --- |
| C.  | sales to customer relationship management. |

|  |  |
| --- | --- |
| D.  | production to sales. |

|  |  |
| --- | --- |
| E.  | consumption to production. |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 60. | A decade after World War I ended, a significant event occurred that caused consumer sales resistance, corporate budget cutting, and advertising expenditures to plummet. This event was:

|  |  |
| --- | --- |
| A.  | the imposition of a personal income tax by the federal government. |

|  |  |
| --- | --- |
| B.  | the defeat of Germany and its default on loans granted by the Allies. |

|  |  |
| --- | --- |
| C.  | the stock market crash and the beginning of the Great Depression. |

|  |  |
| --- | --- |
| D.  | the creation of the World Bank, which made loans available to state and federal banks. |

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| --- | --- |
| E.  | strong challenges to the consumer credit system as established by the federal government. |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 61. | Which term refers to the distinctive benefits that make a product different than any other?

|  |  |
| --- | --- |
| A.  | Perceptual value |

|  |  |
| --- | --- |
| B.  | Unique selling proposition |

|  |  |
| --- | --- |
| C.  | Economic differential |

|  |  |
| --- | --- |
| D.  | Economic advantage |

|  |  |
| --- | --- |
| E.  | Differential value |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 62. | To differentiate its candy from that produced by other candy manufacturers, the manufacturer of Green & Black brand confections advertises that it is the only company to make its chocolate organically. This commitment to market only organic chocolate is an example of a(n):

|  |  |
| --- | --- |
| A.  | perceptual value. |

|  |  |
| --- | --- |
| B.  | unique selling proposition. |

|  |  |
| --- | --- |
| C.  | economic differential. |

|  |  |
| --- | --- |
| D.  | economic advantage. |

|  |  |
| --- | --- |
| E.  | differential value. |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 63. | Which of the following is the largest advertising medium in terms of advertising revenues?

|  |  |
| --- | --- |
| A.  | Internet |

|  |  |
| --- | --- |
| B.  | Newspapers |

|  |  |
| --- | --- |
| C.  | Magazines |

|  |  |
| --- | --- |
| D.  | Television |

|  |  |
| --- | --- |
| E.  | Radio |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 64. | \_\_\_\_\_ is a process by which marketers search for unique groups of people whose needs can be addressed through more specialized products.

|  |  |
| --- | --- |
| A.  | Product segmentation |

|  |  |
| --- | --- |
| B.  | Targeted diversification |

|  |  |
| --- | --- |
| C.  | Demarketing |

|  |  |
| --- | --- |
| D.  | Market segmentation |

|  |  |
| --- | --- |
| E.  | Market aggregation |

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|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 65. | Many urban hotels are creating women-only floors for female travelers. Enhanced security and toiletries more likely to appeal to women such as bubble bath and curling irons are made available. To specifically target women who are traveling on their own, these hotels have implemented a \_\_\_\_\_ strategy.

|  |  |
| --- | --- |
| A.  | product segmentation |

|  |  |
| --- | --- |
| B.  | targeted diversification |

|  |  |
| --- | --- |
| C.  | demarketing |

|  |  |
| --- | --- |
| D.  | market segmentation |

|  |  |
| --- | --- |
| E.  | market aggregation |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 66. | A(n) \_\_\_\_\_ is an effective way to separate a particular brand from its competitors by associating that brand with a particular set of customer needs that rank high on the consumer's priority list.

|  |  |
| --- | --- |
| A.  | logistical strategy |

|  |  |
| --- | --- |
| B.  | universal sales promotion |

|  |  |
| --- | --- |
| C.  | positioning strategy |

|  |  |
| --- | --- |
| D.  | market aggregation strategy |

|  |  |
| --- | --- |
| E.  | promotional mix |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 67. | For years Levi-Strauss advertised its jeans to baby boomers because that is what most baby boomers wore during the 1960s, and many baby boomers are trying to buy back their youth. Unfortunately, this strategy of making Levi's a baby boomer icon has decreased the brand's appeal to today's teens who perceive the Levi brand as old-fashioned. In this example, the \_\_\_\_\_ did not produce a positive effect.

|  |  |
| --- | --- |
| A.  | positioning strategy |

|  |  |
| --- | --- |
| B.  | market aggregation strategy |

|  |  |
| --- | --- |
| C.  | logistical strategy |

|  |  |
| --- | --- |
| D.  | promotional mix |

|  |  |
| --- | --- |
| E.  | universal sales promotion |

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| 68. | The \_\_\_\_\_ age, which began around 1980, has been a period of cataclysmic change due to increased environmental awareness.

|  |  |
| --- | --- |
| A.  | service-market |

|  |  |
| --- | --- |
| B.  | post-production |

|  |  |
| --- | --- |
| C.  | market relationship |

|  |  |
| --- | --- |
| D.  | postindustrial |

|  |  |
| --- | --- |
| E.  | customization |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 69. | \_\_\_\_\_ is a type of marketing used to slow down the demand for certain products, such as energy-consuming goods.

|  |  |
| --- | --- |
| A.  | Co-marketing |

|  |  |
| --- | --- |
| B.  | Demarketing |

|  |  |
| --- | --- |
| C.  | Environmental advertising |

|  |  |
| --- | --- |
| D.  | Eco-marketing |

|  |  |
| --- | --- |
| E.  | Systems marketing |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 70. | During a drought in the southeastern United States, marketing campaigns were implemented to encourage consumers to use less water by increasing rates and issuing fines to those who used more than their fair share. A marketing effort such as this would best be classified as:

|  |  |
| --- | --- |
| A.  | co-marketing. |

|  |  |
| --- | --- |
| B.  | eco-marketing. |

|  |  |
| --- | --- |
| C.  | demarketing. |

|  |  |
| --- | --- |
| D.  | relationship marketing. |

|  |  |
| --- | --- |
| E.  | cause marketing. |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 71. | There is some of the most beautiful scenery in the world at the Banff National Park in Canada. Too many tourists have led to potential ecological disasters in the park. In response, park officials are trying to decrease the number of visitors to the park. They could most likely use \_\_\_\_\_ to accomplish this objective.

|  |  |
| --- | --- |
| A.  | positioning |

|  |  |
| --- | --- |
| B.  | eco-marketing |

|  |  |
| --- | --- |
| C.  | co-marketing |

|  |  |
| --- | --- |
| D.  | demarketing |

|  |  |
| --- | --- |
| E.  | relationship marketing |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 72. | The Cold War ended when the Berlin Wall came down and Western companies and financiers began to invest heavily in what were once called the Warsaw Pact countries. Big multinational companies and their advertising agencies went on a binge, buying other big companies and adding a new term to the financial lexicon. This term was:

|  |  |
| --- | --- |
| A.  | partnering. |

|  |  |
| --- | --- |
| B.  | capitalism. |

|  |  |
| --- | --- |
| C.  | oligopoly. |

|  |  |
| --- | --- |
| D.  | mega merger. |

|  |  |
| --- | --- |
| E.  | service economy. |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 73. | In 2005, Comcast created AZN, a television network for Asian Americans. What type of strategy did Comcast use when it found this unique group of consumers whose specific needs were not being addressed by a cable station?

|  |  |
| --- | --- |
| A.  | Positioning |

|  |  |
| --- | --- |
| B.  | Demarketing |

|  |  |
| --- | --- |
| C.  | Product differentiation |

|  |  |
| --- | --- |
| D.  | Market aggregation |

|  |  |
| --- | --- |
| E.  | Market segmentation |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 74. | What type of strategy is being used by a Web site like www.CNNMoney.com when it describes itself as "a one-stop destination covering everything a small-business owner needs to know" in order to associate itself with benefits that are important to small business owners?

|  |  |
| --- | --- |
| A.  | Market penetration |

|  |  |
| --- | --- |
| B.  | Target differentiation |

|  |  |
| --- | --- |
| C.  | Positioning |

|  |  |
| --- | --- |
| D.  | Market segmentation |

|  |  |
| --- | --- |
| E.  | Sales promotion |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 75. | Two related economic factors characterized the marketing world of the late 1980s and early 1990s in the United States. One of those factors was:

|  |  |
| --- | --- |
| A.  | an aging upper management that led to a lack of innovation. |

|  |  |
| --- | --- |
| B.  | the growing burden of financial debt, which forced governments to return to high tax policies directed toward business. |

|  |  |
| --- | --- |
| C.  | the implementation of affirmative action policies. |

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| --- | --- |
| D.  | the aging of traditional products and a corresponding growth of competition. |

|  |  |
| --- | --- |
| E.  | the development of strong consumer trust. |

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| 76. | As the U.S. economy slowed in the 1980s, which cost-effective method did companies use to trim their advertising budgets?

|  |  |
| --- | --- |
| A.  | Mass market advertising |

|  |  |
| --- | --- |
| B.  | Viral marketing |

|  |  |
| --- | --- |
| C.  | Sales promotions |

|  |  |
| --- | --- |
| D.  | Internet advertising |

|  |  |
| --- | --- |
| E.  | Word-of-mouth advertising |

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| 77. | Which of the following terms explains the availability of cable networks devoted to food, home repair, golf, history, or animals?

|  |  |
| --- | --- |
| A.  | Mass marketing |

|  |  |
| --- | --- |
| B.  | Two-way media |

|  |  |
| --- | --- |
| C.  | Relationship marketing |

|  |  |
| --- | --- |
| D.  | Narrowcasting |

|  |  |
| --- | --- |
| E.  | Broadcasting |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 78. | Due to mobile phones, PCs, the Internet, e-mail, and cable TV, advertising is evolving into a(n):

|  |  |
| --- | --- |
| A.  | two-way medium. |

|  |  |
| --- | --- |
| B.  | broadcast medium. |

|  |  |
| --- | --- |
| C.  | analog medium. |

|  |  |
| --- | --- |
| D.  | narrowcasting medium. |

|  |  |
| --- | --- |
| E.  | reiterative advertising medium. |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 79. | By publicizing the material, social, and cultural opportunities of a free enterprise society, advertising has encouraged:

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| --- | --- |
| A.  | increased productivity by both management and labor. |

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| --- | --- |
| B.  | interactive consumption on a global level. |

|  |  |
| --- | --- |
| C.  | relationship marketing. |

|  |  |
| --- | --- |
| D.  | a service economy. |

|  |  |
| --- | --- |
| E.  | nonprofit organizations. |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 80. | The term integrated marketing communications means:

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| --- | --- |
| A.  | developing a long-term marketing strategy. |

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| --- | --- |
| B.  | communicating marketing information to a target audience. |

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| --- | --- |
| C.  | linking the sales and communication departments in a firm. |

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| --- | --- |
| D.  | training a sales force to use proper marketing skills. |

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| --- | --- |
| E.  | coordinating a firm's messages from a variety of sources. |

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**Short Answer Questions**

|  |  |
| --- | --- |
| 81. | Define advertising.      |

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| --- | --- |
| 82. | What is the ultimate goal of the marketing process?      |

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| --- | --- |
| 83. | Briefly describe the 4 Ps of the marketing mix.      |

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| 84. | One of the principles of free-market economics is that our market-driven society believes in "self-interest." What does this mean?      |

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| --- | --- |
| 85. | What are the fundamental assumptions of free-market economics that a market-driven society strives to achieve?      |

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| --- | --- |
| 86. | What is the most basic function of branding?      |

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| 87. | When did the preindustrial age begin and end in the Western hemisphere?      |

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| 88. | What was the most important development in the history of advertising?      |

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| --- | --- |
| 89. | What was the role of Francis Ayer in the evolution of advertising?      |

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| --- | --- |
| 90. | What is integrated marketing communications?      |

**Essay Questions**

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| --- | --- |
| 91. | Describe how advertising fits into the marketing process.      |

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| --- | --- |
| 92. | Differentiate between marketing strategy and advertising strategy.      |

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| --- | --- |
| 93. | List and briefly describe the four fundamental assumptions of free-market economics.      |

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| --- | --- |
| 94. | What is the most important function of advertising? How does the Coca-Cola Company go about achieving this function?      |

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| --- | --- |
| 95. | Describe how advertising evolved during the preindustrial age.      |

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| --- | --- |
| 96. | Describe how wholesalers used advertising in the industrializing age.      |

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| --- | --- |
| 97. | Describe how advertising evolved during the industrializing age.      |

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| --- | --- |
| 98. | What were the significant events that characterized the industrial age in the United States? (All these events should be tied up to the evolution of advertising in this country.)      |

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| --- | --- |
| 99. | Why did advertisers during the industrial age believe that every advertisement must point out their product's unique selling proposition?      |

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| 100. | Explain the following statement: "As a social force, advertising has been a major factor in improving the standard of living in the United States."      |

Chapter 01 The Evolution of Advertising Answer Key

**True / False Questions**

|  |  |
| --- | --- |
| 1. | Advertising is just one type of marketing communications tool.  **TRUE**Advertising is one type of marketing communication tool. |

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| *AACSB: CommunicationAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 1 EasyLearning Objective: 01-02 Define advertising and distinguish it from other forms of marketing communications.Topic: What is Advertising?* |

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| --- | --- |
| 2. | Computer repair, ergonomic keyboards, and printer ink cartridges are all examples of goods.  **FALSE**In addition to promoting tangible goods such as oranges, iPods, and automobiles, advertising helps publicize the intangible services of bankers, beauticians, bike repair shops, bill collectors, and Internet providers. Computer repair is an example of an intangible service. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-02 Define advertising and distinguish it from other forms of marketing communications.Topic: What is Advertising?* |

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| --- | --- |
| 3. | The billboard that displays an advertisement for a new Internet service provider is an example of a medium.  **TRUE**Advertising reaches us through a channel of communication referred to as a medium. An advertising medium is any nonpersonal means used to present an ad to its target audience. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-02 Define advertising and distinguish it from other forms of marketing communications.Topic: What is Advertising?* |

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| --- | --- |
| 4. | The term mass media includes print media only. The other mediums are part of the general media.  **FALSE**Mass media is print or broadcast media that reach very large audiences. They include radio, television, newspapers, magazines, and billboards. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 1 EasyLearning Objective: 01-02 Define advertising and distinguish it from other forms of marketing communications.Topic: What is Advertising?* |

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| --- | --- |
| 5. | The ultimate goal of the marketing process is to build a strong brand image.  **FALSE**The ultimate goal of marketing is to earn a profit for the firm by consummating the exchange of products or services with those customers who need or want them. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-03 Explain the role advertising plays in business and marketing.Topic: The Role of Advertising in Business* |

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| --- | --- |
| 6. | The marketing strategy refines the target audience and defines what responses the advertiser is seeking—what the audience should notice, think, and feel.  **FALSE**The marketing strategy will help determine who the targets of advertising should be, in what markets the advertising should appear, and what goals the advertising should accomplish. The advertising strategy, in turn, will refine the target audience and define what response the advertiser is seeking—what that audience should notice, think, and feel. |

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| --- |
| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-03 Explain the role advertising plays in business and marketing.Topic: The Role of Advertising in Business* |

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| --- | --- |
| 7. | Our economy is based on the concept of perfect competition.  **FALSE**Our economy is based on the notion of competition. While there is no such thing as perfect competition, there are four fundamental assumptions of free-market economics that a market-driven society strives to achieve: self-interest, complete information, many buyers and sellers, and absence of externalities (social costs). |

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| --- |
| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-04 Illustrate the functions of advertising in a free-market economy.Topic: Economics: The Growing Need for Advertising* |

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| --- | --- |
| 8. | Integrated marketing communications involves the coordination of messages from multiple sources including PR, television, radio, and digital media.  **TRUE**Integrated marketing communications (IMC) is the coordination and integration of messages from a variety of sources. |

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| --- |
| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 1 EasyLearning Objective: 01-01 Define integrated marketing communications.Topic: What is Advertising?* |

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| --- | --- |
| 9. | One of the functions of advertising as a marketing tool is to build value, brand preferences, and loyalty.  **TRUE**Functions and effects of advertising as a marketing tool: to build value, brand preference, and loyalty. |

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| --- |
| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 1 EasyLearning Objective: 01-04 Illustrate the functions of advertising in a free-market economy.Topic: Economics: The Growing Need for Advertising* |

|  |  |
| --- | --- |
| 10. | One of the basic functions of advertising is to communicate information about the product, its features, and its location of sale.  **TRUE**Advertising has many functions including the communication of information about the product, its features, and its location of sale. |

|  |
| --- |
| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 1 EasyLearning Objective: 01-04 Illustrate the functions of advertising in a free-market economy.Topic: Economics: The Growing Need for Advertising* |

|  |  |
| --- | --- |
| 11. | The preindustrial age extended from the beginning of recorded history to the first decades of the 1900s.  **FALSE**Preindustrial age: Period of time between the beginning of written history and roughly the start of the nineteenth century, during which the invention of paper and the printing press and increased literacy gave rise to the first forms of written advertising. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 1 EasyLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| --- | --- |
| 12. | Benjamin Franklin was an early critic of advertising.  **FALSE**In the American colonies, the Boston Newsletter began carrying ads in 1704. About 25 years later, Benjamin Franklin, the father of advertising art, made ads more readable by using large headlines and considerable white space. In fact, Franklin was the first American known to use illustrations in ads. |

|  |
| --- |
| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| --- | --- |
| 13. | During the industrializing age, manufacturers were primarily concerned with production rather than marketing.  **TRUE**During the industrializing age, which lasted roughly until the end of World War I (1918), manufacturers were principally concerned with production. |

|  |
| --- |
| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 14. | For Americans, the profession of advertising began when Volney B. Palmer set up business in Philadelphia is 1841.  **TRUE**For Americans, the profession of advertising began when Volney B. Palmer set up business in Philadelphia in 1841. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 15. | With the advent of public schooling, the United States reached an unparalleled 90 percent literacy rate.  **TRUE**Public schooling helped the nation reach an unparalleled 90 percent literacy rate. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 16. | The industrial age ended shortly after World War II.  **FALSE**The industrial age started around the turn of the twentieth century and lasted well into the 1970s. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 1 EasyLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 17. | The retailer of Craftsmen tools is using product differentiation when it advertises that unlike other tools, Craftsman tools have a lifetime warranty.  **TRUE**Manufacturers following a strategy of product differentiation seek to portray their brands as different from and better than the competition by offering consumers quality, variety, and convenience. In this case, Craftsman offers a lifetime warranty unlike other tool makers. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: ApplyDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 18. | A product's USP is the feature that differentiates it from competitive products.  **TRUE**USP (unique selling proposition)—features that would differentiate a product from competitive products. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 1 EasyLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 19. | Product differentiation is a strategy of identifying groups of people or organizations with certain shared needs and characteristics.  **FALSE**Manufacturers follow the strategy of product differentiation vigorously, seeking to portray their brands as different from and better than the competition by offering consumers quality, variety, and convenience. Market segmentation involves identifying groups with shared needs and characteristics. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 1 EasyLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 20. | Bo Jangles, a fast food restaurant chain, is using a positioning strategy when it claims its chicken has the "true taste of New Orleans."  **TRUE**Positioning involves separating a particular brand from its competitors by associating that brand with a particular set of needs that rank high on the consumer's priority list. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: ApplyDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 21. | Demarketing, which was popular in the industrial age, is no longer used today.  **FALSE**In time, demarketing became a more aggressive strategic tool for advertisers to use against competitors, political opponents, and social problems. For example, many organizations today actively seek to demarket the use of tobacco. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 22. | Sales promotion is a more cost-effective marketing communication tool than advertising.  **TRUE**As the U.S. economy slowed, many companies were chasing too few consumer dollars. Clients trimmed their ad budgets, and many turned to more cost-effective sales promotion alternatives, such as coupons, direct mail, and direct marketing to build sales volume. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 23. | Only the Internet provides advertisers with the ability to engage in narrowcasting.  **FALSE**Narrowcasting involves delivering programming to a specific group defined by demographics and/or program content, rather than mass appeal. Television offers narrowcasting opportunities especially through cable channels, such as ESPN and HGTV. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 24. | As a social force, advertising has been a major factor in improving the standard of living in the United States.  **TRUE**Advertising has been a major factor in improving the standard of living in the United States and around the world. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 1 EasyLearning Objective: 01-06 Describe the impact of advertising on society.Topic: Society and Ethics: The Effects of Advertising* |

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| 25. | In 1914, Congress passed the Federal Trade Commission Act to protect the public's health and control drug advertising.  **FALSE**In 1906, Congress passed the Pure Food and Drug Act to protect the public's health and control drug advertising. In 1914, it passed the Federal Trade Commission Act to protect the public from unfair business practices, including misleading and deceptive advertising. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 3 HardLearning Objective: 01-06 Describe the impact of advertising on society.Topic: Society and Ethics: The Effects of Advertising* |

**Multiple Choice Questions**

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| 26. | \_\_\_\_\_ is the structured and composed nonpersonal communication of information, usually paid for and usually persuasive in nature, about products or ideas by identified sponsors through various media.

|  |  |
| --- | --- |
| A.  | Marketing |

|  |  |
| --- | --- |
| B.  | Sales promotion |

|  |  |
| --- | --- |
| **C.**  | Advertising |

|  |  |
| --- | --- |
| D.  | Feedback |

|  |  |
| --- | --- |
| E.  | Message channeling |

Advertising is the structured and composed nonpersonal communication of information, usually paid for and usually persuasive in nature, about products (goods, services, and ideas) by identified sponsors through various media. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 1 EasyLearning Objective: 01-02 Define advertising and distinguish it from other forms of marketing communications.Topic: What is Advertising?* |

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| 27. | Which of the following statements about advertising is true?

|  |  |
| --- | --- |
| A.  | It rarely involves branding. |

|  |  |
| --- | --- |
| B.  | It is usually free or inexpensive. |

|  |  |
| --- | --- |
| **C.**  | It has an identifiable sponsor. |

|  |  |
| --- | --- |
| D.  | It is intended to provide information. |

|  |  |
| --- | --- |
| E.  | It is restricted to a single medium. |

Advertising is the structured and composed nonpersonal communication of information, usually paid for and usually persuasive in nature, about products or ideas by identified sponsors through various media. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 1 EasyLearning Objective: 01-02 Define advertising and distinguish it from other forms of marketing communications.Topic: What is Advertising?* |

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| 28. | Since advertising is typically directed to groups of people rather than to individuals, advertising is defined as a:

|  |  |
| --- | --- |
| A.  | channel. |

|  |  |
| --- | --- |
| B.  | subtle medium. |

|  |  |
| --- | --- |
| C.  | sponsor-driven strategy. |

|  |  |
| --- | --- |
| D.  | market segmentation strategy. |

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| --- | --- |
| **E.**  | kind of nonpersonal communication. |

Advertising is typically directed to groups of people rather than to individuals. It is therefore nonpersonal, or mass, communication. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-02 Define advertising and distinguish it from other forms of marketing communications.Topic: What is Advertising?* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 29. | When Mollie buys a box of disposable diapers and June purchases a copy of the *Wall Street Journal*, both are acting as:

|  |  |
| --- | --- |
| A.  | buying centers. |

|  |  |
| --- | --- |
| **B.**  | consumers. |

|  |  |
| --- | --- |
| C.  | product innovators. |

|  |  |
| --- | --- |
| D.  | strategic points of service. |

|  |  |
| --- | --- |
| E.  | product adopters. |

Consumers buy products for their own personal use. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-02 Define advertising and distinguish it from other forms of marketing communications.Topic: What is Advertising?* |

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| 30. | Which of the following organizations is most likely to use a public service announcement (PSA)?

|  |  |
| --- | --- |
| **A.**  | The Humane Society |

|  |  |
| --- | --- |
| B.  | Dell Computer |

|  |  |
| --- | --- |
| C.  | American Stock Exchange |

|  |  |
| --- | --- |
| D.  | Delta Airlines |

|  |  |
| --- | --- |
| E.  | Walmart |

A public service announcements (PSA) is an advertisement serving the public interest, often for a nonprofit organization, carried by the media at no charge. The Humane Society is the only nonprofit organization listed. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: ApplyDifficulty: 2 MediumLearning Objective: 01-02 Define advertising and distinguish it from other forms of marketing communications.Topic: What is Advertising?* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 31. | Which of the following is an example of a good?

|  |  |
| --- | --- |
| A.  | A medical examination |

|  |  |
| --- | --- |
| B.  | An Internet provider |

|  |  |
| --- | --- |
| **C.**  | A copier |

|  |  |
| --- | --- |
| D.  | A haircut |

|  |  |
| --- | --- |
| E.  | A car warranty |

In addition to promoting tangible goods such as oranges, iPods, and automobiles, advertising helps publicize the intangible services of bankers, beauticians, bike repair shops, bill collectors, and Internet providers. Of the alternatives listed, only a copier is tangible. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: ApplyDifficulty: 2 MediumLearning Objective: 01-02 Define advertising and distinguish it from other forms of marketing communications.Topic: What is Advertising?* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 32. | Which of the following is the best example of a service?

|  |  |
| --- | --- |
| **A.**  | A seminar on how to quit smoking |

|  |  |
| --- | --- |
| B.  | A gift basket of fruit |

|  |  |
| --- | --- |
| C.  | Vitamins to improve one's health |

|  |  |
| --- | --- |
| D.  | Gift wrapping paper sold at a school fund-raiser |

|  |  |
| --- | --- |
| E.  | A donation of clothes to the Salvation Army |

In addition to promoting tangible goods such as oranges, iPods, and automobiles, advertising helps publicize the intangible services of bankers, beauticians, bike repair shops, bill collectors, and Internet providers. Of the alternatives listed, only the seminar is intangible. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: ApplyDifficulty: 2 MediumLearning Objective: 01-02 Define advertising and distinguish it from other forms of marketing communications.Topic: What is Advertising?* |

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| 33. | Which of the following would most likely involve a Public Service Announcement (PSA)?

|  |  |
| --- | --- |
| A.  | Dell recalling laptops to correct manufacturing defects |

|  |  |
| --- | --- |
| B.  | Verizon promoting a new data plan with unlimited texting |

|  |  |
| --- | --- |
| C.  | Walmart advertising year-end discounts and clearance items |

|  |  |
| --- | --- |
| **D.**  | American Red Cross promoting blood donation opportunities |

|  |  |
| --- | --- |
| E.  | A local Chevrolet dealer providing the address of its new showroom |

Public Service Announcements (PSAs) are advertisements serving public interest, often for a nonprofit organization, which are carried by the media at no charge. The American Red Cross is the only nonprofit organization in the above scenarios. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: ApplyDifficulty: 2 MediumLearning Objective: 01-02 Define advertising and distinguish it from other forms of marketing communications.Topic: What is Advertising?* |

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| 34. | Which of the following statements is true about word-of-mouth advertising?

|  |  |
| --- | --- |
| A.  | It is not a communication medium. |

|  |  |
| --- | --- |
| **B.**  | It is not an advertising medium. |

|  |  |
| --- | --- |
| C.  | It is a paid form of advertising. |

|  |  |
| --- | --- |
| D.  | It is an openly-sponsored form of advertising. |

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| --- | --- |
| E.  | It has a structured form. |

Word-of-mouth (WOM) advertising is the passing of information, especially product recommendations, by verbal communication, in an informal, unpaid, person-to-person manner, rather than by advertising or other forms of traditional marketing. Although WOM is a communication medium, it's not an advertising medium. It's not structured, openly sponsored, or paid for. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-02 Define advertising and distinguish it from other forms of marketing communications.Topic: What is Advertising?* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 35. | Advertising reaches us through various channels of communication referred to as:

|  |  |
| --- | --- |
| A.  | feedback mechanisms. |

|  |  |
| --- | --- |
| **B.**  | media. |

|  |  |
| --- | --- |
| C.  | encoding tools. |

|  |  |
| --- | --- |
| D.  | distribution methods. |

|  |  |
| --- | --- |
| E.  | information processes. |

Advertising reaches us through a channel of communication referred to as a medium. An advertising medium is any nonpersonal means used to present an ad to its target audience. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 1 EasyLearning Objective: 01-02 Define advertising and distinguish it from other forms of marketing communications.Topic: What is Advertising?* |

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| 36. | Of all the business functions, \_\_\_\_\_ is the only function whose primary role is to bring in revenue.

|  |  |
| --- | --- |
| A.  | finance |

|  |  |
| --- | --- |
| B.  | operations management |

|  |  |
| --- | --- |
| C.  | human resource management |

|  |  |
| --- | --- |
| **D.**  | marketing |

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| --- | --- |
| E.  | accounting |

Of all the business functions, marketing is the only one whose primary role is to bring in revenue. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 1 EasyLearning Objective: 01-03 Explain the role advertising plays in business and marketing.Topic: The Role of Advertising in Business* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 37. | \_\_\_\_\_ is the process of creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.

|  |  |
| --- | --- |
| A.  | Management |

|  |  |
| --- | --- |
| B.  | Advertising |

|  |  |
| --- | --- |
| C.  | Communications |

|  |  |
| --- | --- |
| D.  | Logistics |

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| --- | --- |
| **E.**  | Marketing |

Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-03 Explain the role advertising plays in business and marketing.Topic: The Role of Advertising in Business* |

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| 38. | The 4 Ps of the marketing mix are:

|  |  |
| --- | --- |
| **A.**  | product, price, place, and promotion. |

|  |  |
| --- | --- |
| B.  | product, people, process, and promotion. |

|  |  |
| --- | --- |
| C.  | people, price, place, and product. |

|  |  |
| --- | --- |
| D.  | product, process, people, and physical evidence. |

|  |  |
| --- | --- |
| E.  | place, people, product, and process. |

The marketing mix is typically broken down into the 4 Ps: developing products, pricing them strategically, distributing them so they are available to customers at appropriate places, and promoting them through sales and advertising activities. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 1 EasyLearning Objective: 01-03 Explain the role advertising plays in business and marketing.Topic: The Role of Advertising in Business* |

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| 39. | \_\_\_\_\_ has driven the growth of advertising since its earliest beginnings and has made it one of the hallmarks of the free enterprise system.

|  |  |
| --- | --- |
| A.  | The cultural environment |

|  |  |
| --- | --- |
| B.  | Tactical management strategy |

|  |  |
| --- | --- |
| **C.**  | Economics |

|  |  |
| --- | --- |
| D.  | Literacy |

|  |  |
| --- | --- |
| E.  | Socialism |

Economics has driven the growth of advertising since its earliest beginnings and has made it one of the hallmarks of the free enterprise system. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-04 Illustrate the functions of advertising in a free-market economy.Topic: Economics: The Growing Need for Advertising* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 40. | Which fundamental assumption of free-market economics suggests that people are acquisitive and always want more—for less?

|  |  |
| --- | --- |
| A.  | Many buyers and sellers |

|  |  |
| --- | --- |
| B.  | Absence of externalities |

|  |  |
| --- | --- |
| C.  | Presence of opportunity costs |

|  |  |
| --- | --- |
| **D.**  | Self-interest |

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| --- | --- |
| E.  | Complete information |

Self-interest: People and organizations tend to act in their own self-interest. People are acquisitive and always want more—for less. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-04 Illustrate the functions of advertising in a free-market economy.Topic: Economics: The Growing Need for Advertising* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 41. | As a marketing tool, advertising is most likely used to:

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| --- | --- |
| A.  | create unfair advantages among competitors. |

|  |  |
| --- | --- |
| B.  | encourage buyers to compare prices. |

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| --- | --- |
| C.  | control viral commercialization. |

|  |  |
| --- | --- |
| **D.**  | increase product use. |

|  |  |
| --- | --- |
| E.  | create feedback. |

One of the functions and effects of advertising as a marketing tool is to increase product use. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 3 HardLearning Objective: 01-04 Illustrate the functions of advertising in a free-market economy.Topic: Economics: The Growing Need for Advertising* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 42. | In the context of free-market economics, the use of taxation and/or regulation to compensate for or eliminate the social cost when the sale or consumption of products may benefit or harm other people who are not involved in the transaction and didn't pay for the product, falls under the assumption of:

|  |  |
| --- | --- |
| A.  | many buyers and sellers. |

|  |  |
| --- | --- |
| **B.**  | absence of externalities. |

|  |  |
| --- | --- |
| C.  | presence of opportunity costs. |

|  |  |
| --- | --- |
| D.  | self-interest. |

|  |  |
| --- | --- |
| E.  | complete information. |

Absence of externalities (social costs): Sometimes the sale or consumption of products may benefit or harm other people who are not involved in the transaction and didn't pay for the product. In these cases, the government may use taxation and/or regulation to compensate for or eliminate the externalities. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 1 EasyLearning Objective: 01-04 Illustrate the functions of advertising in a free-market economy.Topic: Economics: The Growing Need for Advertising* |

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| 43. | During the preindustrial age, most advertisements took the form of signs with symbols such as a beer tankard indicating a tavern because:

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| --- | --- |
| **A.**  | most people were illiterate and could not read. |

|  |  |
| --- | --- |
| B.  | most firms could not afford more sophisticated advertisements. |

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| --- | --- |
| C.  | local laws prohibited advertising in newspapers. |

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| --- | --- |
| D.  | most churches would not approve other forms of advertising. |

|  |  |
| --- | --- |
| E.  | signs and symbols were considered lucky. |

At first, merchants hung carved signs in front of their shops so passersby could see what products were being offered. Most people couldn't read, so the signs often used symbols, such as a boot for a cobbler. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 1 EasyLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 44. | The period in the evolution of advertising that extended from the beginning of recorded history to roughly the start of the nineteenth century was called the:

|  |  |
| --- | --- |
| A.  | sales era. |

|  |  |
| --- | --- |
| B.  | positioning age. |

|  |  |
| --- | --- |
| C.  | industrial age. |

|  |  |
| --- | --- |
| D.  | industrializing age. |

|  |  |
| --- | --- |
| **E.**  | preindustrial age. |

Preindustrial age, for Western civilization, extended from the beginning of recorded history to roughly the start of the nineteenth century. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 45. | Which of the following ages in the evolution of advertising was characterized by the Chinese inventing paper, Johannes Guttenberg inventing the printing press, and the Boston Newsletter beginning to carry advertisements that appealed to American colonists?

|  |  |
| --- | --- |
| A.  | Age of reason |

|  |  |
| --- | --- |
| B.  | Industrial age |

|  |  |
| --- | --- |
| **C.**  | Preindustrial age |

|  |  |
| --- | --- |
| D.  | Industrializing age |

|  |  |
| --- | --- |
| E.  | Mercantile age |

The Chinese invented paper and Europe had its first paper mill by 1275. In the 1440s, Johannes Gutenberg invented the printing press in Germany. In 1472, the first ad in English appeared. Preindustrial age is the period of time between the beginning of written history and roughly the start of the nineteenth century, during which the invention of paper and the printing press and increased literacy gave rise to the first forms of written advertising. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 1 EasyLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 46. | What did the first ad in English advertise?

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| A.  | A plow |

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| B.  | A farm |

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| **C.**  | A prayer book |

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| D.  | A religious service |

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| E.  | A pub |

In 1472, the first ad in English appeared. It was a handbill tacked on church doors in London announcing a prayer book for sale. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 47. | According to the history of advertising, the \_\_\_\_\_ made possible the first advertising formats—posters, handbills, signs, and newspapers.

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| --- | --- |
| A.  | quill pen |

|  |  |
| --- | --- |
| **B.**  | printing press |

|  |  |
| --- | --- |
| C.  | silk screen |

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| --- | --- |
| D.  | ability to mold lead |

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| --- | --- |
| E.  | ability to copy and draw |

The introduction of printing allowed facts to be established, substantiated, recorded, and transported. This new technology made possible the first formats of advertising—posters, handbills, and signs—and, eventually, the first mass medium—the newspaper. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-02 Define advertising and distinguish it from other forms of marketing communications.Topic: The Evolution of Advertising as an Economic Tool* |

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| 48. | Benjamin Franklin:

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| **A.**  | was the first American known to use illustrations in ads. |

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| B.  | was the first to print color ads. |

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| C.  | was the first American to use copy in ads. |

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| D.  | printed ads with no clutter. |

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| E.  | minimized white space in ads. |

Benjamin Franklin, the father of advertising art, made ads more readable by using large headlines and considerable white space. In fact, Franklin was the first American known to use illustrations in ads. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 49. | During the \_\_\_\_\_ age, manufacturers were principally concerned with production, and the primary burden of marketing fell on the wholesalers.

|  |  |
| --- | --- |
| A.  | preindustrial |

|  |  |
| --- | --- |
| B.  | postindustrial |

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| --- | --- |
| **C.**  | industrializing |

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| --- | --- |
| D.  | industrial |

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| --- | --- |
| E.  | isolation |

During this industrializing age, manufacturers were principally concerned with production. The burden of marketing fell on wholesalers. They used advertising primarily as an information vehicle. Advertising to consumers was the job of the local retailer and the large mail-order catalog companies. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 1 EasyLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 50. | Which of the following statements best describes how Volney B. Palmer influenced advertising?

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| A.  | In 1729, he became the first to use "white space" and illustration in ads. |

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| **B.**  | In 1841, he set up the first professional advertising agency in the United States. |

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| C.  | In 1869, his advertising agency becomes the first to prepare ads for manufacturers. |

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| D.  | In 1888, he founded the *Printer's Ink* magazine. |

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| E.  | In 1912, he became the first advertising agent to reach $2 million in sales. |

For Americans, the profession of advertising began when Volney B. Palmer set up business in Philadelphia in 1841. He contracted with newspapers for large volumes of advertising space at discount rates and then resold the space to advertisers at a higher rate. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: What is Advertising?* |

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| 51. | What role did the firm N. W. Ayer & Son play in the history of U.S. advertising?

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| A.  | It was the first printer to use illustrations in its ads. |

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| --- | --- |
| B.  | It was the first manufacturer to use national advertising. |

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| **C.**  | It was the first ad agency to charge a commission based on the "net cost of space." |

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| D.  | Its advertising claims were the first examined by the Food & Drug Administration. |

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| E.  | It published the first colonial newspaper with advertisements for local businesses. |

N. W. Ayer & Sons was the first agency to charge a commission based on the "net cost of space" and the first to conduct a formal market survey. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 52. | Who is considered the father of advertising art?

|  |  |
| --- | --- |
| A.  | Francis Ayer |

|  |  |
| --- | --- |
| **B.**  | Benjamin Franklin |

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| --- | --- |
| C.  | Volney B. Palmer |

|  |  |
| --- | --- |
| D.  | Johannes Gutenberg |

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| --- | --- |
| E.  | N. W. Ayer |

Benjamin Franklin, the father of advertising art, made ads more readable by using large headlines and considerable white space. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 53. | Why did magazines become the ideal medium for advertising in the 1840s?

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| **A.**  | Magazines offered the best quality reproduction. |

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| --- | --- |
| B.  | Magazines were less expensive than newspapers. |

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| --- | --- |
| C.  | Magazines were read more often than newspapers. |

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| --- | --- |
| D.  | Advertisers were tired of using newspapers to carry their messages. |

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| E.  | No taxes were imposed on magazine advertising unlike newspaper advertising. |

In the 1840s, some manufacturers began using magazine ads to reach the mass market and stimulate mass consumption. Magazines provided for national advertising and offered the best quality reproduction. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 54. | Why is 1896 considered an extremely important year for direct mail advertising and mail-order selling?

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| --- | --- |
| A.  | Advertising agencies were allowed to charge commissions for their services. |

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| --- | --- |
| B.  | The U.S. Post Office was created. |

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| --- | --- |
| C.  | The Office of Consumer Affairs guaranteed that consumers could return products that did not meet their needs. |

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| --- | --- |
| D.  | The Federal Communications Commission took control of all mail order and direct mail advertising. |

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| **E.**  | The Federal Government inaugurated rural free mail delivery. |

In 1896, the federal government inaugurated rural free mail delivery. Direct-mail advertising and mail-order selling flourished. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: What is Advertising?* |

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| 55. | Which of the following occurred near the end of the nineteenth century and accelerated the usage of print ads by manufacturers?

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| --- | --- |
| A.  | World War I finally ended. |

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| --- | --- |
| B.  | Global advertising agencies formed. |

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| --- | --- |
| C.  | Newspaper advertisements decreased in cost. |

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| **D.**  | The United States reached a 90 percent literacy rate. |

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| E.  | English was established as the official language of the United States. |

Public schooling helped the nation reach an unparalleled 90 percent literacy rate. Manufacturers gained a large reading public that could understand print ads. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 56. | With respect to the evolution of advertising in the United States, the \_\_\_\_\_ age started around the turn of the twentieth century and lasted well into the 1970s.

|  |  |
| --- | --- |
| A.  | service marketing |

|  |  |
| --- | --- |
| B.  | relationship marketing |

|  |  |
| --- | --- |
| **C.**  | industrial |

|  |  |
| --- | --- |
| D.  | production |

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| --- | --- |
| E.  | mercantile |

The industrial age started around the turn of the twentieth century and lasted well into the 1970s. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 1 EasyLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 57. | The term \_\_\_\_\_ best explains why most automobile manufacturers produce similar products yet consumers have preferences for specific brands.

|  |  |
| --- | --- |
| A.  | market segmentation |

|  |  |
| --- | --- |
| B.  | market formatting |

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| --- | --- |
| **C.**  | product differentiation |

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| --- | --- |
| D.  | strategic marketing |

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| --- | --- |
| E.  | product segmentation |

A strategy of product differentiation seeks to portray a brand as different from and better than the competition by offering consumers quality, variety, and convenience. Such a strategy explains why some consumers strongly prefer Honda over Toyota even though the two manufacturers make similar products. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: ApplyDifficulty: 3 HardLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 58. | Which term best refers to items such as detergent, nail polish, soda, and pretzels?

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| --- | --- |
| A.  | Customized packaged goods |

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| --- | --- |
| **B.**  | Consumer packaged goods |

|  |  |
| --- | --- |
| C.  | In-house products |

|  |  |
| --- | --- |
| D.  | Branded products |

|  |  |
| --- | --- |
| E.  | Serviceable goods |

Everyday-use consumer products packaged by manufacturers and sold through retail outlets are known as consumer packaged goods. Generally these are goods such as food and beverages, health and beauty care, cleaning products, and detergents that get used up and have to be replaced frequently. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 59. | The industrializing age of the nineteenth century saw the shift of orientation from:

|  |  |
| --- | --- |
| A.  | production to consumption. |

|  |  |
| --- | --- |
| B.  | sales to consumption. |

|  |  |
| --- | --- |
| C.  | sales to customer relationship management. |

|  |  |
| --- | --- |
| **D.**  | production to sales. |

|  |  |
| --- | --- |
| E.  | consumption to production. |

During the industrializing age of the nineteenth century, manufacturers changed their focus from a production orientation to a sales orientation. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 60. | A decade after World War I ended, a significant event occurred that caused consumer sales resistance, corporate budget cutting, and advertising expenditures to plummet. This event was:

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| --- | --- |
| A.  | the imposition of a personal income tax by the federal government. |

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| --- | --- |
| B.  | the defeat of Germany and its default on loans granted by the Allies. |

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| --- | --- |
| **C.**  | the stock market crash and the beginning of the Great Depression. |

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| --- | --- |
| D.  | the creation of the World Bank, which made loans available to state and federal banks. |

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| E.  | strong challenges to the consumer credit system as established by the federal government. |

On October 29, 1929, the stock market crashed, the Great Depression began, and advertising expenditures plummeted. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 61. | Which term refers to the distinctive benefits that make a product different than any other?

|  |  |
| --- | --- |
| A.  | Perceptual value |

|  |  |
| --- | --- |
| **B.**  | Unique selling proposition |

|  |  |
| --- | --- |
| C.  | Economic differential |

|  |  |
| --- | --- |
| D.  | Economic advantage |

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| --- | --- |
| E.  | Differential value |

Rosser Reeves of the Ted Bates Agency introduced the idea that every ad must point out the product's USP (unique selling proposition)—features that would differentiate it from competitive products. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 1 EasyLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 62. | To differentiate its candy from that produced by other candy manufacturers, the manufacturer of Green & Black brand confections advertises that it is the only company to make its chocolate organically. This commitment to market only organic chocolate is an example of a(n):

|  |  |
| --- | --- |
| A.  | perceptual value. |

|  |  |
| --- | --- |
| **B.**  | unique selling proposition. |

|  |  |
| --- | --- |
| C.  | economic differential. |

|  |  |
| --- | --- |
| D.  | economic advantage. |

|  |  |
| --- | --- |
| E.  | differential value. |

A product's USP is a feature or features that differentiate it from competitive products. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 63. | Which of the following is the largest advertising medium in terms of advertising revenues?

|  |  |
| --- | --- |
| A.  | Internet |

|  |  |
| --- | --- |
| B.  | Newspapers |

|  |  |
| --- | --- |
| C.  | Magazines |

|  |  |
| --- | --- |
| **D.**  | Television |

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| --- | --- |
| E.  | Radio |

After World War II, TV advertising grew rapidly, and in time achieved its current status as the largest advertising medium in terms of revenues. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 64. | \_\_\_\_\_ is a process by which marketers search for unique groups of people whose needs can be addressed through more specialized products.

|  |  |
| --- | --- |
| A.  | Product segmentation |

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| --- | --- |
| B.  | Targeted diversification |

|  |  |
| --- | --- |
| C.  | Demarketing |

|  |  |
| --- | --- |
| **D.**  | Market segmentation |

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| --- | --- |
| E.  | Market aggregation |

With market segmentation, marketers search for unique groups of people whose needs can be addressed through specialized products. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 65. | Many urban hotels are creating women-only floors for female travelers. Enhanced security and toiletries more likely to appeal to women such as bubble bath and curling irons are made available. To specifically target women who are traveling on their own, these hotels have implemented a \_\_\_\_\_ strategy.

|  |  |
| --- | --- |
| A.  | product segmentation |

|  |  |
| --- | --- |
| B.  | targeted diversification |

|  |  |
| --- | --- |
| C.  | demarketing |

|  |  |
| --- | --- |
| **D.**  | market segmentation |

|  |  |
| --- | --- |
| E.  | market aggregation |

Market segmentation is a process by which marketers search for unique groups of people whose needs can be addressed through more specialized products. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 66. | A(n) \_\_\_\_\_ is an effective way to separate a particular brand from its competitors by associating that brand with a particular set of customer needs that rank high on the consumer's priority list.

|  |  |
| --- | --- |
| A.  | logistical strategy |

|  |  |
| --- | --- |
| B.  | universal sales promotion |

|  |  |
| --- | --- |
| **C.**  | positioning strategy |

|  |  |
| --- | --- |
| D.  | market aggregation strategy |

|  |  |
| --- | --- |
| E.  | promotional mix |

Positioning is effective in separating a particular brand from its competitors by associating that brand with a particular set of needs that rank high on the consumer's priority list. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 1 EasyLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 67. | For years Levi-Strauss advertised its jeans to baby boomers because that is what most baby boomers wore during the 1960s, and many baby boomers are trying to buy back their youth. Unfortunately, this strategy of making Levi's a baby boomer icon has decreased the brand's appeal to today's teens who perceive the Levi brand as old-fashioned. In this example, the \_\_\_\_\_ did not produce a positive effect.

|  |  |
| --- | --- |
| **A.**  | positioning strategy |

|  |  |
| --- | --- |
| B.  | market aggregation strategy |

|  |  |
| --- | --- |
| C.  | logistical strategy |

|  |  |
| --- | --- |
| D.  | promotional mix |

|  |  |
| --- | --- |
| E.  | universal sales promotion |

Positioning is an effective way to separate a particular brand from its competitors by associating that brand with a particular set of customer needs that ranked high on the consumer's priority list. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: ApplyDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 68. | The \_\_\_\_\_ age, which began around 1980, has been a period of cataclysmic change due to increased environmental awareness.

|  |  |
| --- | --- |
| A.  | service-market |

|  |  |
| --- | --- |
| B.  | post-production |

|  |  |
| --- | --- |
| C.  | market relationship |

|  |  |
| --- | --- |
| **D.**  | postindustrial |

|  |  |
| --- | --- |
| E.  | customization |

Beginning around 1980, the postindustrial age has been a period of cataclysmic change. People became truly aware of the sensitive environment in which we live and alarmed by our dependence on vital natural resources. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 69. | \_\_\_\_\_ is a type of marketing used to slow down the demand for certain products, such as energy-consuming goods.

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| --- | --- |
| A.  | Co-marketing |

|  |  |
| --- | --- |
| **B.**  | Demarketing |

|  |  |
| --- | --- |
| C.  | Environmental advertising |

|  |  |
| --- | --- |
| D.  | Eco-marketing |

|  |  |
| --- | --- |
| E.  | Systems marketing |

During the energy shortages of the 1970s and 1980s, a new term, demarketing, appeared. Producers of energy started using advertising to slow the demand for their products. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 1 EasyLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 70. | During a drought in the southeastern United States, marketing campaigns were implemented to encourage consumers to use less water by increasing rates and issuing fines to those who used more than their fair share. A marketing effort such as this would best be classified as:

|  |  |
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| A.  | co-marketing. |

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| B.  | eco-marketing. |

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| **C.**  | demarketing. |

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| --- | --- |
| D.  | relationship marketing. |

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| E.  | cause marketing. |

Demarketing is a type of marketing used to slow down the demand for certain products, such as energy-consuming goods. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 71. | There is some of the most beautiful scenery in the world at the Banff National Park in Canada. Too many tourists have led to potential ecological disasters in the park. In response, park officials are trying to decrease the number of visitors to the park. They could most likely use \_\_\_\_\_ to accomplish this objective.

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| A.  | positioning |

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| --- | --- |
| B.  | eco-marketing |

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| --- | --- |
| C.  | co-marketing |

|  |  |
| --- | --- |
| **D.**  | demarketing |

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| --- | --- |
| E.  | relationship marketing |

Demarketing is a type of marketing used to slow down the demand for certain products. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 72. | The Cold War ended when the Berlin Wall came down and Western companies and financiers began to invest heavily in what were once called the Warsaw Pact countries. Big multinational companies and their advertising agencies went on a binge, buying other big companies and adding a new term to the financial lexicon. This term was:

|  |  |
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| A.  | partnering. |

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| --- | --- |
| B.  | capitalism. |

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| C.  | oligopoly. |

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| **D.**  | mega merger. |

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| E.  | service economy. |

Companies were anxious to develop the untapped markets in the former Warsaw Pact states. To expand their power globally, big multinational companies and their advertising agencies went on a binge, buying other big companies and creating a new word in the financial lexicon: mega merger. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 73. | In 2005, Comcast created AZN, a television network for Asian Americans. What type of strategy did Comcast use when it found this unique group of consumers whose specific needs were not being addressed by a cable station?

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| --- | --- |
| A.  | Positioning |

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| B.  | Demarketing |

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| C.  | Product differentiation |

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| D.  | Market aggregation |

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| **E.**  | Market segmentation |

Market segmentation was used by Comcast to search for unique groups of people whose needs can be addressed through specialized products. The strategy involves identifying groups of people or organizations with certain shared needs and characteristics within the broad markets for consumer or business products and aggregating these groups into larger market segments according to their mutual interest in the product's utility. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 74. | What type of strategy is being used by a Web site like www.CNNMoney.com when it describes itself as "a one-stop destination covering everything a small-business owner needs to know" in order to associate itself with benefits that are important to small business owners?

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| --- | --- |
| A.  | Market penetration |

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| --- | --- |
| B.  | Target differentiation |

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| --- | --- |
| **C.**  | Positioning |

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| --- | --- |
| D.  | Market segmentation |

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| E.  | Sales promotion |

Positioning is the association of a brand's features and benefits with a particular set of customer needs, clearly differentiating it from the competition in the mind of the customer. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 75. | Two related economic factors characterized the marketing world of the late 1980s and early 1990s in the United States. One of those factors was:

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| A.  | an aging upper management that led to a lack of innovation. |

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| B.  | the growing burden of financial debt, which forced governments to return to high tax policies directed toward business. |

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| C.  | the implementation of affirmative action policies. |

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| **D.**  | the aging of traditional products and a corresponding growth of competition. |

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| E.  | the development of strong consumer trust. |

Two related economic factors characterized marketing in this period: (1) the aging of traditional products, with a corresponding growth in competition, and (2) the growing affluence and sophistication of the consuming public, led by the huge baby-boomer generation. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 3 HardLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 76. | As the U.S. economy slowed in the 1980s, which cost-effective method did companies use to trim their advertising budgets?

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| --- | --- |
| A.  | Mass market advertising |

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| --- | --- |
| B.  | Viral marketing |

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| --- | --- |
| **C.**  | Sales promotions |

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| D.  | Internet advertising |

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| E.  | Word-of-mouth advertising |

As the U.S. economy slowed in the 1980s, many companies were chasing too few consumer dollars. Clients trimmed their ad budgets, and many turned to more cost-effective sales promotion alternatives, such as coupons, direct mail, and direct marketing to build sales volume. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 77. | Which of the following terms explains the availability of cable networks devoted to food, home repair, golf, history, or animals?

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| --- | --- |
| A.  | Mass marketing |

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| B.  | Two-way media |

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| --- | --- |
| C.  | Relationship marketing |

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| **D.**  | Narrowcasting |

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| E.  | Broadcasting |

With cable TV and satellite receivers, viewers can watch channels devoted to single types of programming, such as straight news, home shopping, sports, or comedy. This shift transformed television from the most widespread of mass media to a more specialized, narrowcasting medium. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 78. | Due to mobile phones, PCs, the Internet, e-mail, and cable TV, advertising is evolving into a(n):

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| **A.**  | two-way medium. |

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| B.  | broadcast medium. |

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| C.  | analog medium. |

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| D.  | narrowcasting medium. |

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| E.  | reiterative advertising medium. |

Advertising is evolving into a two-way medium where consumers with PCs, cell phones, Internet connections, and cable TV can choose the information they access and then spend time researching the product information they desire. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 79. | By publicizing the material, social, and cultural opportunities of a free enterprise society, advertising has encouraged:

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| **A.**  | increased productivity by both management and labor. |

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| B.  | interactive consumption on a global level. |

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| C.  | relationship marketing. |

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| --- | --- |
| D.  | a service economy. |

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| E.  | nonprofit organizations. |

By publicizing the material, social, and cultural opportunities of a free enterprise society, advertising has encouraged increased productivity by both management and labor. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-06 Describe the impact of advertising on society.Topic: Society and Ethics: The Effects of Advertising* |

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| 80. | The term integrated marketing communications means:

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| A.  | developing a long-term marketing strategy. |

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| B.  | communicating marketing information to a target audience. |

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| C.  | linking the sales and communication departments in a firm. |

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| D.  | training a sales force to use proper marketing skills. |

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| **E.**  | coordinating a firm's messages from a variety of sources. |

In an effort to do a better job of relationship marketing, companies are now learning that they must be consistent in both what they say and what they do. It's not enough to produce outstanding advertising anymore. They must integrate all their marketing communications with everything else they do, too. That's what integrated marketing communications really means. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-01 Define integrated marketing communications.Topic: What is Advertising?* |

**Short Answer Questions**

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| 81. | Define advertising.  Advertising is the structured and composed nonpersonal communication of information, usually paid for and usually persuasive in nature, about products or ideas by identified sponsors through various media. |

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| *AACSB: AnalyticBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-02 Define advertising and distinguish it from other forms of marketing communications.Topic: What is Advertising?* |

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| 82. | What is the ultimate goal of the marketing process?  The ultimate goal of the marketing process is to earn a profit by consummating the exchange of goods or services with those customers who need or want them. |

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| *AACSB: AnalyticBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-03 Explain the role advertising plays in business and marketing.Topic: The Role of Advertising in Business* |

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| 83. | Briefly describe the 4 Ps of the marketing mix.  The 4 Ps of the marketing mix: developing products, pricing them strategically, distributing them so they are available to customers at appropriate places, and promoting them through sales and advertising activities. |

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| *AACSB: AnalyticBlooms: UnderstandDifficulty: 1 EasyLearning Objective: 01-03 Explain the role advertising plays in business and marketing.Topic: The Role of Advertising in Business* |

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| 84. | One of the principles of free-market economics is that our market-driven society believes in "self-interest." What does this mean?  People and organizations tend to act in their own self-interest and want more for less cost. |

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| *AACSB: AnalyticBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-04 Illustrate the functions of advertising in a free-market economy.Topic: Economics: The Growing Need for Advertising* |

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| 85. | What are the fundamental assumptions of free-market economics that a market-driven society strives to achieve?  There are four fundamental assumptions of free-market economics that a market-driven society strives to achieve. These are self-interest, complete information, many buyers and sellers, and the absence of externalities (social costs). |

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| *AACSB: AnalyticBlooms: UnderstandDifficulty: 1 EasyLearning Objective: 01-04 Illustrate the functions of advertising in a free-market economy.Topic: Economics: The Growing Need for Advertising* |

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| 86. | What is the most basic function of branding?  One of the most basic functions of branding as well as advertising is to identify products and their source and to differentiate them from others. |

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| *AACSB: AnalyticBlooms: UnderstandDifficulty: 3 HardLearning Objective: 01-04 Illustrate the functions of advertising in a free-market economy.Topic: Economics: The Growing Need for Advertising* |

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| 87. | When did the preindustrial age begin and end in the Western hemisphere?  The preindustrial age extended from the beginning of recorded time to the start of the nineteenth century. |

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| *AACSB: AnalyticBlooms: UnderstandDifficulty: 1 EasyLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 88. | What was the most important development in the history of advertising?  Johannes Gutenberg invented the printing press in Germany. The press was not only the most important development in the history of advertising, and indeed communication, but it also revolutionized the way people lived and worked. |

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| *AACSB: AnalyticBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 89. | What was the role of Francis Ayer in the evolution of advertising?  In 1869, Francis Ayer formed an ad agency in Philadelphia. N. W. Ayer & Sons was the first agency to charge a commission based on the "net cost of space" and the first to conduct a formal market survey. |

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| *AACSB: AnalyticBlooms: RememberDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 90. | What is integrated marketing communications?  Integrated marketing communications (IMC) is the coordination and integration of messages from a variety of sources. Marketers today realize that it is no longer possible to reach and effectively persuade their audiences with traditional media alone—television, radio, magazines, newspapers, direct mail, and outdoor. |

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| *AACSB: AnalyticBlooms: UnderstandDifficulty: 1 EasyLearning Objective: 01-01 Define integrated marketing communications.Topic: What is Advertising?* |

**Essay Questions**

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| 91. | Describe how advertising fits into the marketing process.  Advertising helps an organization achieve its marketing goals. Marketing functions such as marketing research have an impact on the type of advertising a company employs. Companies and organizations use many different types of advertising, depending on their particular marketing strategy. The marketing strategy will determine who the targets of advertising are, where the advertising should appear, what media should be used and what purposes the advertising should accomplish. |

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| *AACSB: AnalyticBlooms: UnderstandDifficulty: 3 HardLearning Objective: 01-03 Explain the role advertising plays in business and marketing.Topic: The Role of Advertising in Business* |

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| 92. | Differentiate between marketing strategy and advertising strategy.  Marketing strategy: The statement of how the company is going to accomplish its marketing objectives. The strategy is the total directional thrust of the company, that is, the how-to of the marketing plan, and is determined by the particular blend of the marketing mix elements (the 4 Ps), which the company can control.Advertising strategy: The advertising objective declares what the advertiser wants to achieve with respect to consumer awareness, attitude, and preference; the advertising strategy describes how to get there. Advertising strategy consists of two sub-strategies: the creative strategy and the media strategy. |

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| *AACSB: AnalyticBlooms: UnderstandDifficulty: 3 HardLearning Objective: 01-03 Explain the role advertising plays in business and marketing.Topic: The Role of Advertising in Business* |

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| 93. | List and briefly describe the four fundamental assumptions of free-market economics.  Our economy is based on the notion of competition. While there is no such thing as perfect competition, there are four fundamental assumptions of free-market economics that a market-driven society strives to achieve:(1) Self-interest. Because people tend to act in their own self-interest, they are acquisitive and always want more—for less. (2) Complete information. Complete information about products leads to greater competition and lower prices. (3) Many buyers and sellers. Having a wide range of sellers, means that a buyer can find what he or she wants somewhere else. Similarly, having many buyers means that a business can find customers who are interested in its products. (4) Absence of externalities. Sometimes the sale or consumption of products may benefit or harm other people who were not involved in the transaction. The government uses taxes and regulations when this occurs. |

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| *AACSB: AnalyticBlooms: UnderstandDifficulty: 3 HardLearning Objective: 01-04 Illustrate the functions of advertising in a free-market economy.Topic: Economics: The Growing Need for Advertising* |

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| 94. | What is the most important function of advertising? How does the Coca-Cola Company go about achieving this function?  Coca-Cola advertising, such as its current campaign, "Open Happiness," has always promoted a common voice and a common theme: Coca-Cola makes life's relaxing moments even better. For more than 120 years, the Coca-Cola Company has used a variety of media to communicate this message to diverse audiences to achieve the most significant function of advertising: to lower the overall cost of sales. |

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| *AACSB: AnalyticBlooms: UnderstandDifficulty: 3 HardLearning Objective: 01-04 Illustrate the functions of advertising in a free-market economy.Topic: Economics: The Growing Need for Advertising* |

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| 95. | Describe how advertising evolved during the preindustrial age.  The preindustrial age began about 3000 BC and ran until about the mid-1700s. During this time, most human activity was devoted to meeting basic survival needs. Distribution was limited to how far vendors could walk and advertising was how loud they could shout. Other factors that could be discussed would include role of the early church, literacy, inventions such as the printing press, when first print ads appeared and how advertising occurred in colonial America. The concept of puffery began as early as the mid-1700s. |

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| *AACSB: AnalyticBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 96. | Describe how wholesalers used advertising in the industrializing age.  Since the primary marketing burden fell on wholesalers, they used advertising primarily as an information vehicle (placing announcements in publications called price currents) to let retailers know about sources of supply and shipping schedules for basic, unbranded commodities they carried. |

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| *AACSB: AnalyticBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 97. | Describe how advertising evolved during the industrializing age.  The industrializing age ran from the mid-1700s (when the Industrial Revolution began in England) to around the beginning of the twentieth century. The Industrial Revolution reached the United States in the early 1800s. Significant events of this age that could be discussed include the early use of machinery, how population increased, how literacy rates increased, the power of the wholesaler in the distribution channel, how the profession of advertising grew, how early advertising agencies functioned and how communication devices changed the way advertising was received. |

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| *AACSB: AnalyticBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 98. | What were the significant events that characterized the industrial age in the United States? (All these events should be tied up to the evolution of advertising in this country.)  The industrial age started around the turn of the twentieth century in the United States. It lasted well into the 1970s. Characterizing this age were such events as the creation of mass markets, producers wresting control of the distribution process away from wholesalers, the development of organized sales forces, advertising was described as becoming scientific, true mass communication devices such as radio and television emerged, product differentiation and market segmentation became popular strategies, the unique selling proposition emerged and positioning strategy was adopted as a competitive alternative to other marketing and advertising strategies. Lastly, branding became a global concept as U.S. products invaded foreign shores. |

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| *AACSB: AnalyticBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 99. | Why did advertisers during the industrial age believe that every advertisement must point out their product's unique selling proposition?  The USP (unique selling proposition) refers to product features that differentiate it from competitive products. It was an extension of the product differentiation strategy. It was believed at this time that consumers would not be influenced by ads to buy a product unless the ad explained why they should buy that specific product and not some other. |

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| *AACSB: AnalyticBlooms: UnderstandDifficulty: 3 HardLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: The Evolution of Advertising as an Economic Tool* |

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| 100. | Explain the following statement: "As a social force, advertising has been a major factor in improving the standard of living in the United States."  By publicizing the material, social and cultural opportunities of a free enterprise society, advertising has increased productivity in both management and labor. Besides facilitating sales, advertising has also fostered freedom of the press. Print and broadcast media all receive the majority of their income from advertising. Through PSA, advertising has provided Americans with important information about social issues. |

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| *AACSB: AnalyticBlooms: UnderstandDifficulty: 3 HardLearning Objective: 01-06 Describe the impact of advertising on society.Topic: Society and Ethics: The Effects of Advertising* |