**Chapter 01**

**Test Bank**

1. Advertising is just one type of marketing communications tool.

**TRUE***AACSB: CommunicationAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-02 Define advertising and distinguish it from other forms of marketing communications.Topic: Define Advertising*

Feedback: Today, advertising is considered one tool in the marketing communications toolbox.2. Athletic shoes, crystal goblets, and manicures are all examples of goods.

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

Feedback: 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. A manicure is an example of an intangible service.3. The billboard that displays an advertisement for a new Internet service provider is an example of a medium.**TRUE***AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-02 Define advertising and distinguish it from other forms of marketing communications.Topic: Define Advertising*

Feedback: 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.4. The term “mass media” includes print media only. The other media are part of general media.

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

Feedback: Mass media are print or broadcast media that reach very large audiences. They include radio, television, newspapers, magazines, and billboards.5. The ultimate goal of the marketing process is to build a strong brand image.**FALSE***AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-03 Explain the role advertising plays in business and marketing.Topic: The Role of Advertising and Promotion in Business and Marketing*

Feedback: The ultimate goal of marketing is to earn a profit for the firm by exchanging products or services with those customers who need or want them.6. A firm’s advertising 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.**FALSE***AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-03 Explain the role advertising plays in business and marketing.Topic: The Role of Advertising and Promotion in Business and Marketing*

Feedback: A firm’s 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.7. Our economy is based on the concept of perfect competition.**FALSE***AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-04 Illustrate the functions of advertising in a free-market economy.Topic: Economic Role of Advertising*

Feedback: Our capitalist economy is based on the notion of free-market 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).8. Integrated marketing communications involves the coordination of brand messages from multiple sources including PR activities, sponsorship commitments, personal selling, advertising, and digital media.

**TRUE***AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-01 Define integrated marketing communications and explain its importance.Topic: Key Concepts of Integrated Marketing Communications*

Feedback: Integrated marketing communications (IMC) is the coordination and integration of brand messages from a variety of sources.9. One of the functions of advertising as a marketing tool is to build value, brand preference, and loyalty.**TRUE***AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-04 Illustrate the functions of advertising in a free-market economy.Topic: Economic Role of Advertising*

Feedback: One of the seven functions and effects of advertising as a marketing tool is to build value, brand preference, and loyalty.10. One of the basic functions of advertising is to communicate information about the product, its features, and its location of sale.**TRUE***AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-04 Illustrate the functions of advertising in a free-market economy.Topic: Economic Role of Advertising*

Feedback: Advertising has many functions including the communication of information about the product, its features, and its location of sale.11. The preindustrial age extended from the beginning of recorded history to the first decades of the twentieth century.**FALSE***AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: The preindustrial age was the period of time between the beginning of written history and roughly the start of the nineteenth century.12. Benjamin Franklin opposed the use of advertising.

**FALSE***AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: 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.

13. During the industrial age, manufacturers were primarily concerned with production rather than marketing.

**TRUE***AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: During the industrial age, which lasted roughly until the end of World War II (1945), manufacturers were principally concerned with production.14. For Americans, the profession of advertising began when Francis Ayer formed an ad agency in Philadelphia in 1869.**FALSE***AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: For Americans, the profession of advertising began when Volney B. Palmer set up business in Philadelphia in 1841.15. With the establishment of public schooling, the United States reached an unparalleled 90 percent literacy rate.

**TRUE***AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: Public schooling helped the nation reach an unparalleled 90 percent literacy rate.16. The golden age of advertising ended shortly after World War II.

**FALSE***AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: The golden age of advertising began at the end of World War II and lasted until about 1979.17. Wheaties breakfast cereal is using product differentiation when it calls itself the “breakfast of champions.”**TRUE***AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: ApplyDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: 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, Wheaties wants consumers to believe that sports champions eat Wheaties because it is better than other cereals.18. A product’s USP is the feature that differentiates it from competitive products.**TRUE***AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: USP (unique selling proposition)—features that differentiate a product from competitive products.19. Product differentiation is a strategy used to identify groups of people or organizations with certain shared needs and characteristics.**FALSE***AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: 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.20. Popeyes Louisiana Kitchen, a fast-food restaurant chain, used a positioning strategy when it adopted the slogan “Louisana Fast.”

**TRUE***AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: ApplyDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: 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. In this case, the slogan positions the restaurant as both fast-food and spicy Louisiana cooking.21. Demarketing, which was popular in the industrial age, is no longer used today.**FALSE***AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: During the postindustrial age, demarketing became a more aggressive strategic tool for advertisers to use against competitors, political opponents, and social problems, and it is still used. For example, many organizations today actively seek to demarket the use of tobacco.22. Sales promotion is a more cost-effective marketing communication tool than advertising.**TRUE***AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: As the U.S. economy slowed during 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.23. Only the Internet provides advertisers with the ability to engage in narrowcasting.**FALSE***AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: 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.24. As a social force, advertising has been a major factor in improving the standard of living in the United States.**TRUE***AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-06 Describe the impact of advertising on society.Topic: Social Aspects of Advertising and Promotion*

Feedback: Advertising has been a major factor in improving the standard of living in the United States and around the world.25. In 1914, Congress passed the Federal Trade Commission Act to protect the public’s health and control drug advertising.**FALSE***AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-06 Describe the impact of advertising on society.Topic: Social Aspects of Advertising and Promotion*

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

A. MarketingB. Sales promotion**C.** AdvertisingD. FeedbackE. Message channeling*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-02 Define advertising and distinguish it from other forms of marketing communications.Topic: Define Advertising*

Feedback: 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.27. Which of the following words best describes advertising?A. freeB. spontaneous**C.** persuasiveD. unsponsored

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

Feedback: 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.28. Since advertising is typically directed to groups of people rather than to individuals, advertising is defined as aA. public service announcement.

B. subtle medium.C. sponsor-driven strategy.D. market segmentation strategy.**E.** type of nonpersonal communication.*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-02 Define advertising and distinguish it from other forms of marketing communications.Topic: Define Advertising*

Feedback: Advertising is typically directed to groups of people rather than to individuals. It is therefore nonpersonal, or mass, communication.29. When Kobe buys a box of donuts and Julia purchases a copy of the *New York Times*, both are acting asA. sponsors.

**B.** consumers.C. producers.D. testers.E. adopters.*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-02 Define advertising and distinguish it from other forms of marketing communications.Topic: Define Advertising*

Feedback: Consumers buy products for their own personal use.30. Which of the following organizations is most likely to use a public service announcement (PSA)?**A.** The Humane SocietyB. Dell ComputerC. American Stock ExchangeD. Delta AirlinesE. Walmart*AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: ApplyDifficulty: 3 HardLearning Objective: 01-02 Define advertising and distinguish it from other forms of marketing communications.Topic: Define Advertising*

Feedback: 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.31. Which of the following is an example of a good?A. a medical examinationB. an Internet provider**C.** a copierD. a haircutE. a car warranty*AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: ApplyDifficulty: 2 MediumLearning Objective: 01-02 Define advertising and distinguish it from other forms of marketing communications.Topic: Define Advertising*

Feedback: 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 a tangible good. The rest are all services.32. Which of the following is the best example of a service?A. a new suit of clothesB. a splint to treat a sports injury**C.** a seminar on how to plan for retirementD. popcorn sold at a school fund-raiserE. canned goods donated to a food pantry*AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: ApplyDifficulty: 2 MediumLearning Objective: 01-02 Define advertising and distinguish it from other forms of marketing communications.Topic: Define Advertising*

Feedback: 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. The rest are all tangible goods.33. Which of the following would most likely be considered a Public Service Announcement (PSA)?

A. Dell recalling laptops to correct manufacturing defectsB. Verizon promoting a new data plan with unlimited textingC. Walmart advertising year-end discounts and clearance items**D.** the American Red Cross promoting blood donation opportunitiesE. a local Chevrolet dealer providing the address of its new showroom*AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: ApplyDifficulty: 2 MediumLearning Objective: 01-02 Define advertising and distinguish it from other forms of marketing communications.Topic: Define Advertising*

Feedback: 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 listed scenarios.34. Which of the following statements about word-of-mouth advertising is true?

A. It is not a communication medium.B. It is not an advertising medium.C. It is a highly effective paid form of advertising.

**D.** It is becoming an advertising medium because of social media.

E. It has a structured form and generally predictable results.

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

Feedback: Word-of-mouth (WOM) advertising is the passing of information, especially product recommendations, through verbal communication, in an informal, unpaid, person-to-person manner, rather than through advertising or other forms of traditional marketing. Although WOM is a communication medium, it has not generally been considered an advertising medium. However, the popularity of social media is forcing advertisers to reconsider this belief.

35. Advertising reaches us through various channels of communication referred to asA. feedback.

**B.** media.C. encoding tools.D. distribution methods.E. information processes.*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-02 Define advertising and distinguish it from other forms of marketing communications.Topic: Define Advertising*

Feedback: Advertising reaches us through channels of communication referred to as media (the plural of medium). An advertising medium is any nonpersonal means used to present an ad to its target audience.36. Of all the business functions, \_\_\_\_\_ is the only function whose primary role is to bring in revenue.A. financeB. operations managementC. human resource management**D.** marketingE. accounting*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-03 Explain the role advertising plays in business and marketing.Topic: The Role of Advertising and Promotion in Business and Marketing*

Feedback: Of all the business functions, marketing is the only one whose primary role is to bring in revenue.37. \_\_\_\_\_ is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

A. ManagementB. AdvertisingC. ProductionD. Logistics**E.** Marketing*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-03 Explain the role advertising plays in business and marketing.Topic: The Role of Advertising and Promotion in Business and Marketing*

Feedback: Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.38. The 4Ps 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.*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-03 Explain the role advertising plays in business and marketing.Topic: The Role of Advertising and Promotion in Business and Marketing*

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

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. Culture

B. Ethics

**C.** EconomicsD. LiteracyE. Socialism*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-04 Illustrate the functions of advertising in a free-market economy.Topic: Economic Role of Advertising*

Feedback: Economics has driven the growth of advertising since its earliest beginnings and has made it one of the hallmarks of the free enterprise system.40. Which of the following statements demonstrates that people tend to act in their self-interest?

A. The more information buyers and sellers have, the more efficient the competition.B. A wide variety of sellers encourages market-responsive products.C. A wide variety of buyers helps sellers find customers.**D.** People always want more—for less.E. Externalities are social costs.*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-04 Illustrate the functions of advertising in a free-market economy.Topic: Economic Role of Advertising*

Feedback: People and organizations tend to act in their own self-interest. People always want more—for less.41. As a marketing tool, advertising is primarily used toA. create unfair advantages among competitors.B. encourage buyers to compare prices.C. control viral commercialization.**D.** increase product use.E. create feedback.*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-04 Illustrate the functions of advertising in a free-market economy.Topic: Economic Role of Advertising*

Feedback: One of the functions and effects of advertising as a marketing tool is to increase product use.42. Governments often use 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 did pay for the product. Which fundamental assumption of a market-driven society does this practice relate to?

A. many buyers and sellers

**B.** absence of externalities

C. presence of opportunity costs

D. self-interest

E. complete information

*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-04 Illustrate the functions of advertising in a free-market economy.Topic: Economic Role of Advertising*

Feedback: 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.

43. During the preindustrial age, most advertisements took the form of signs with symbols such as a beer tankard indicating a tavern because**A.** most people were illiterate and could not read.B. most firms could not afford more sophisticated advertisements.C. local laws prohibited advertising in newspapers.D. most churches would not approve other forms of advertising.E. signs and symbols were considered lucky.*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: At first, merchants hung carved signs in front of their shops so passersby could see what products were being offered. Most people could not read, so the signs often used symbols, such as a boot for a cobbler.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 theA. sales era.B. positioning age.C. industrial age.D. industrializing age.**E.** preindustrial age.*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: The preindustrial age, for Western civilization, extended from the beginning of recorded history to roughly the start of the nineteenth century.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.** preindustrial age

B. industrial age

C. golden age

D. postindustrial age

E. global interactive age*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: The preindustrial age is the period of time between the beginning of written history and roughly the start of the nineteenth century. 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 1704, the Boston Newsletter in the American colonies began to carry ads.46. What did the first newsaper ad advertise?A. a new edition of the BibleB. a piece of land**C.** a reward for stolen horsesD. a religious serviceE. a traveler’s inn*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: In the 1600s, the first newspaper ad was published and offered a reward for the return of 12 stolen horses.47. In the history of advertising, the \_\_\_\_\_ made possible the first advertising formats: posters, handbills, signs, and newspapers.

A. quill pen**B.** printing pressC. silk screenD. ability to mold leadE. ability to copy and draw*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: The introduction of the printing press meant that people no longer had to rely on their memories for record keeping. This new technology made possible the first formats of advertising—posters, handbills, and signs—and, eventually, the first mass medium—the newspaper.48. Benjamin Franklin was the first American known to

**A.** use illustrations in ads.

B. print color in a newspaper.

C. use copy in ads.

D. eliminate headlines from ads.

E. minimize white space in ads.

*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: 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.

49. During the \_\_\_\_\_ age, manufacturers were principally concerned with production, and the primary burden of marketing fell on the wholesalers.A. preindustrial**B.** industrialC. golden

D. postindustrialE. global interactive

*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: During the industrial 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.

50. Which of the following statements best describes how Volney B. Palmer influenced advertising?A. In 1729, he became the first to use “white space” and illustration in ads.**B.** In 1841, he set up the first professional advertising agency in the United States.C. In 1869, his advertising agency became the first to prepare ads for manufacturers.D. In 1888, he founded the *Printer’s Ink* magazine.E. In 1912, he became the first advertising agent to reach $2 million in sales.*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: 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.51. What role did the firm N. W. Ayers & Sons play in the history of U.S. advertising?

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

B. It was the first manufacturer to use national advertising.**C.** It was the first ad agency to charge a commission based on the “net cost of space.”D. Its advertising claims were the first criticized by the Food & Drug Administration.

E. It published the first colonial newspaper with advertisements for local businesses.*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: 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.52. Who wrote the book Scientific Advertising?A. Francis Ayer**B.** Claude HopkinsC. Volney B. PalmerD. Albert Lasker

E. N. W. Ayer*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: By the 1920s, the era of salesmanship had arrived, and its bible was Scientific Advertising (1923), written by the legendary copywriter Claude Hopkins at Albert Lasker’s agency, Lord & Thomas.53. Beginning in the 1840s, \_\_\_\_\_ permitted advertising on a national scale with high-quality reproduction.

**A.** magazines

B. newspapers

C. handbills

D. direct mailings

E. store signs

*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: 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.

54. Why is 1896 considered an extremely important year for direct mail advertising and mail-order selling?A. Advertising agencies were allowed to charge commissions for their services.B. The U.S. Post Office was created.C. The Office of Consumer Affairs guaranteed that consumers could return products that did not meet their needs.D. The Federal Communications Commission took control of all mail order and direct mail advertising.**E.** The federal government inaugurated rural free mail delivery.*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: In 1896, the federal government inaugurated rural free mail delivery. Direct-mail advertising and mail-order selling flourished.55. Which of the following occurred near the end of the nineteenth century and accelerated the usage of print ads by manufacturers?A. World War I finally ended.B. Global advertising agencies formed.C. Newspaper advertisements decreased in cost.**D.** The United States reached a 90 percent literacy rate.E. English was established as the official language of the United States.*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: Public schooling helped the nation reach an unparalleled 90 percent literacy rate. Manufacturers gained a large reading public that could understand print ads.56. With respect to the evolution of advertising in the United States, the \_\_\_\_\_ age started at the end of World War II and lasted until about 1979.

A. preindustrial

B. postindustrial

C. industrial**D.** golden

E. global interactive*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: The golden age that started at the end of World War II (1945) lasted until about 1979.57. The term \_\_\_\_\_ best explains why most automobile manufacturers produce similar products yet consumers have preferences for specific brands.A. market segmentationB. market formatting**C.** product differentiationD. strategic marketingE. product segmentation*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: ApplyDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: 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.58. Which term best refers to items such as shampoo, lipstick, juice, and breakfast cereal?A. customized packaged goods**B.** consumer packaged goodsC. in-house productsD. branded productsE. serviceable goods*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: 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.59. When Subway uses the slogan “Eat fresh” to appeal to consumers who want healthier fast food, it is using the strategy of

A. market segmentation.

B. me-too product features.

C. me-too images.

**D.** positioning.

E. puffery.*AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: ApplyDifficulty: 3 HardLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: 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, is known as positioning.60. A decade after World War I ended, a significant event occurred that caused consumer sales resistance, corporate budget cutting, and reduced advertising expenditures. 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.E. strong challenges to the consumer credit system as established by the federal government.*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: On October 29, 1929, the stock market crashed, the Great Depression began, and advertising expenditures plummeted.61. Which term refers to the distinctive benefits that make a product different than any other?A. perceptual value**B.** unique selling propositionC. economic differentialD. economic advantageE. comparative advantage*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: 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 differentiate it from competitive products.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.*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: A product’s USP is a feature or features that differentiate it from competitive products.63. Which of the following is the largest advertising medium in terms of advertising revenues?A. InternetB. newspapersC. magazines**D.** televisionE. radio*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: After World War II, television advertising grew rapidly, and in time achieved its current status as the largest advertising medium in terms of revenues.64. \_\_\_\_\_ is a process by which marketers search for unique groups of people whose needs can be addressed through more specialized products.A. Product segmentationB. Targeted diversificationC. Demarketing**D.** Market segmentationE. Market aggregation*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: With market segmentation, marketers search for unique groups of people whose needs can be addressed through specialized products.65. A Quinceañera is a celebratory rite of passage for Latino girls when they turn fifteen. In the United States, some teen-oriented magazines such as Seventeen have begun including articles and publishing special guides focused on the Quinceañera. This is an example of a \_\_\_\_\_ strategy.A. product segmentationB. targeted diversificationC. demarketing**D.** market segmentationE. market aggregation*AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: ApplyDifficulty: 3 HardLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: Market segmentation is a process by which marketers search for unique groups of people whose needs can be addressed through more specialized products.66. A \_\_\_\_\_ 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 strategyB. universal sales promotion**C.** positioning strategyD. market aggregation strategyE. promotional mix*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: 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.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’s brand as old-fashioned. In this example, the \_\_\_\_\_ did not produce a positive effect.

**A.** positioning strategyB. unique selling propositionC. logistical strategyD. promotional mixE. universal sales promotion*AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: ApplyDifficulty: 3 HardLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: 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.68. The \_\_\_\_\_ age, which began around 1980, started a period of cataclysmic change.

A. industrial

B. preindustrial

C. golden

**D.** postindustrialE. global interactive*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: 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. In addition, the Cold War ended, changing the need for a defense-driven economy.69. \_\_\_\_\_ is a type of marketing used to slow down the demand for certain products, such as energy-consuming goods.A. Market segmentation**B.** DemarketingC. Environmental advertisingD. Eco-marketingE. Cause marketing*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: During the energy shortages of the 1970s and 1980s, a new term, , appeared. Producers of energy started using advertising to slow the demand for their products.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 asA. market segmentation.B. eco-marketing.**C.** demarketing.D. ethical marketing.E. cause marketing.*AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: ApplyDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: Demarketing is a type of marketing used to slow down the demand for certain products, such as energy-consuming goods.71. National Park officials are concerned that the growing numbers of visitors to the national park system of the United States pose a threat to the very national wonders they want to see. If the park officials decided to try to decrease the number of visitors to the park, they could most likely use \_\_\_\_\_ to accomplish this objective.

A. positioningB. eco-marketingC. market segmentation**D.** demarketingE. relationship marketing*AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: ApplyDifficulty: 3 HardLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: Demarketing is a type of marketing used to slow down the demand for certain products.72. The Cold War ended with the collapse of the Soviet Union, 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 for this process to the financial lexicon. This term wasA. partnering.B. capitalism.C. oligopoly.**D.** megamerger.

E. gigantism.*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: 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: .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. positioningB. demarketingC. product differentiationD. market aggregation**E.** market segmentation*AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: ApplyDifficulty: 3 HardLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: Market segmentation was used by Comcast to search for unique groups of people whose needs could 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.74. What type of strategy is being used by a website 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 penetrationB. target differentiation**C.** positioningD. market segmentationE. sales promotion*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: 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.75. Two related economic factors characterized the marketing world of the late 1980s and early 1990s in the United States. One of those factors wasA. an aging upper management that led to a lack of innovation.B. a growing burden of debt, which forced governments to increase business taxes.

C. the implementation of affirmative action policies.**D.** the aging of traditional products and a corresponding growth of competition.E. the development of strong consumer trust.*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: 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.76. During the 1980s, many companies begin using more sales promotions because sale promotionsA. took advantage of social media.B. reached a broader audience.**C.** were more cost effective.D. added value to brands.E. used celebrity endorsements to advantage.*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: 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.77. Which of the following terms is used for the availability of cable networks devoted to food, home repair, golf, history, or animals?

A. mass marketingB. two-way mediaC. relationship marketing**D.** narrowcastingE. broadcasting*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: 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.78. Which statement best describes how the growth of new media has affected traditional media?

**A.** New media have massively disrupted traditional media, such as newspapers, by costing them revenue.

B. As new media have grown more popular, they have earned far more advertising revenues than traditional media.

C. New media grew sharply at first but proved to be a short-lived fad that did not affect traditional media.

D. The new media have merged with traditional media like newspapers and prevented them from closing.

E. New media have had no effect at all on traditional media.*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*

Feedback: The growth of new media has proven massively disruptive for some traditional ones. Particularly hard hit was the newspaper industry, which has seen over a decade of revenue decline.79. Which of the following is a social benefit of advertising?**A.** It helps pay for newspapers and other media.B. It discourages economic competition.C. It emphasizes consumerism over other values.D. It perpetuates longstanding stereotypes.E. It exposes people to thousands of commercial messages daily.*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-06 Describe the impact of advertising on society.Topic: Social Aspects of Advertising and Promotion*

Feedback: Newspapers, magazines, radio, television, and many websites all receive their primary income from advertising. This facilitates freedom of the press and promotes more complete information.80. The term integrated marketing communications meansA. developing a long-term marketing strategy.B. communicating marketing information to a target audience.C. linking the sales and communication departments in a firm.D. training a sales force to use proper marketing skills.**E.** coordinating a firm’s brand messages from a variety of sources.*AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-01 Define integrated marketing communications and explain its importance.Topic: Key Concepts of Integrated Marketing Communications*

Feedback: Integrated marketing communications (IMC) is the modern practice of coordinating and integrating brand messages from a variety of sources. Marketers today realize that they need to combine and coordinate their use of traditional media, public relations, personal selling, sales promotion, and digital media to mount an effective marketing campaign.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.*AACSB: AnalyticBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-02 Define advertising and distinguish it from other forms of marketing communications.Topic: Define Advertising*82. What is marketing?

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.*AACSB: AnalyticBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-03 Explain the role advertising plays in business and marketing.Topic: The Role of Advertising and Promotion in Business and Marketing*83. Briefly describe the 4Ps of the marketing mix.

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

*AACSB: AnalyticBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-03 Explain the role advertising plays in business and marketing.Topic: The Role of Advertising and Promotion in Business and Marketing*84. One of the principles of free-market economics is that our market-driven society believes in “complete information.” What does this mean?

The more information buyers and sellers have about what products are available, at what quality, and at what prices, the more efficient the competition. The outcome is better quality products and lower prices for all.

*AACSB: AnalyticBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-04 Illustrate the functions of advertising in a free-market economy.Topic: Economic Role of Advertising*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).*AACSB: AnalyticBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-04 Illustrate the functions of advertising in a free-market economy.Topic: Economic Role of Advertising*86. What is the most basic function of branding?

One of the most basic functions of branding, as well as of advertising, is to identify products and their source and to differentiate them from others.

*AACSB: AnalyticBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-04 Illustrate the functions of advertising in a free-market economy.Topic: Economic Role of Advertising*87. Which technical innovations of the Industrial Revolution assisted the advertising industry?

The technological advances of the Industrial Revolution enabled great changes in advertising. Photography, introduced in 1839, added credibility and a new world of creativity. It allowed ads to show products, people, and places as they really were, rather than how an illustrator visualized them. The telegraph, telephone, typewriter, phonograph, and later, films, all let people communicate as never before.*AACSB: AnalyticBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*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.*AACSB: AnalyticBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*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.*AACSB: AnalyticBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*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. Instead, they must combine and coordinate their use of traditional media, public relations, personal selling, sales promotion, and digital media to mount an effective marketing campaign.*AACSB: AnalyticBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-01 Define integrated marketing communications and explain its importance.Topic: Key Concepts of Integrated Marketing Communications*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.*AACSB: AnalyticBlooms: UnderstandDifficulty: 3 HardLearning Objective: 01-03 Explain the role advertising plays in business and marketing.Topic: The Role of Advertising and Promotion in Business and Marketing*92. Differentiate between marketing strategy and advertising strategy.

Marketing strategy is the statement of how the company is going to accomplish its marketing objectives. It 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 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 substrategies: the creative strategy and the media strategy.*AACSB: AnalyticBlooms: AnalyzeDifficulty: 3 HardLearning Objective: 01-03 Explain the role advertising plays in business and marketing.Topic: The Role of Advertising and Promotion in Business and Marketing*93. List and briefly describe the four fundamental assumptions of free-market economics.

Capitalism is based on the notion of free-market 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. People and organizations tend to act in their own self-interest. They 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 ensures that if one company does not meet customer needs, another will capitalize on the situation by producing a more market-responsive product. Having a wide range of buyers ensures that sellers can find customers who are interested in the unique products they are able to produce at a fair price. (4) Absence of externalities (social costs). 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 to eliminate the externalities when this occurs.*AACSB: AnalyticBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-04 Illustrate the functions of advertising in a free-market economy.Topic: Economic Role of Advertising*94. How has the Coca-Cola Company gone about achieving the most basic function of branding?The most basic function of branding is to identify products and their sources and to differentiate them from others. Coca-Cola created a clear identity with its distinctive logo and bottle shape. Over the company’s history, its advertising has always promoted a common voice and a common theme: “Coca-Cola makes life’s relaxing moments even better.”*AACSB: AnalyticBlooms: ApplyDifficulty: 3 HardLearning Objective: 01-04 Illustrate the functions of advertising in a free-market economy.Topic: Economic Role of Advertising*95. Describe how advertising evolved during the preindustrial age.

The preindustrial age began with the beginning of recorded history and ran until the early 1800s. 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. Over time, the development of literacy, inventions such as the printing press, and the spread of trade away from local producers encouraged the development of advertising. Developments such as print ads spread advertising to wider audiences. Benjamin Franklin introduced the use of illustrations. Advertising techniques such as puffery began as early as the mid-1700s.*AACSB: AnalyticBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*96. Describe who bore the burden of marketing in the industrial age.Manufacturers were mainly concerned with production. The primary marketing burden fell on wholesalers and large mail-order catalog companies like Montgomery Ward and Sears Roebuck. Only a few innovative manufacturers foresaw the usefulness of mass media advertising to stimulate consumer demand for their products.*AACSB: AnalyticBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*97. Describe how advertising evolved during the industrial age.The industrial age ran from the late-1700s (when the Industrial Revolution began in England) to around the middle of the 1900s. 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. In addition, technologies such as the telegraph, telephone, typewriter, phonograph, and films all helped people communicate as never before.*AACSB: AnalyticBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*98. How did the spread of public schooling in the United States affect the advertising industry?Public schooling helped the nation reach an unparalleled 90 percent literacy rate. Manufacturers gained a large reading public that could understand print ads. The United States thus entered the twentieth century as a great industrial state with a national marketing system propelled by advertising.*AACSB: AnalyticBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*99. Why did advertisers during the mid-twentienth century 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.*AACSB: AnalyticBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Discuss how advertising evolved with the history of commerce.Topic: History of Advertising*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 PSAs, advertising has provided Americans with important information about social issues.*AACSB: AnalyticBlooms: UnderstandDifficulty: 3 HardLearning Objective: 01-06 Describe the impact of advertising on society.Topic: Social Aspects of Advertising and Promotion*

*Category # of Questions*

AACSB: Analytic 86

AACSB: Communication 1

AACSB: Reflective Thinking 13

Accessibility: Keyboard Navigation 80

Blooms: Analyze 1

Blooms: Apply 15

Blooms: Remember 28

Blooms: Understand 56

Difficulty: 1 Easy 28

Difficulty: 2 Medium 62

Difficulty: 3 Hard 10

Learning Objective: 01-01 Define integrated marketing communications and explain its importance. 3

Learning Objective: 01-02 Define advertising and distinguish it from other forms of marketing communications. 15

Learning Objective: 01-03 Explain the role advertising plays in business and marketing. 9

Learning Objective: 01-04 Illustrate the functions of advertising in a free-market economy. 12

Learning Objective: 01-05 Discuss how advertising evolved with the history of commerce. 57

Learning Objective: 01-06 Describe the impact of advertising on society. 4

Topic: Define Advertising 15

Topic: Economic Role of Advertising 12

Topic: History of Advertising 57

Topic: Key Concepts of Integrated Marketing Communications 3

Topic: Social Aspects of Advertising and Promotion 4

Topic: The Role of Advertising and Promotion in Business and Marketing 9