

1. Advertising adds value to a brand by educating customers about new uses for a product.
True False
2. The economic effect of advertising is like the opening break-shot in billiards.
True False
3. Intense competition cannot reduce the number of businesses in an industry.
True False
4. The importance of advertising is best demonstrated by the iceberg principle.
True False
5. When an ad states that chicken soup made with Swanson chicken broth "tastes as good as grandma", it is using puffery.
True False
6. Critics claim advertising is so powerful that consumers are helpless to defend themselves against it.
True False
7. Critics argue there is too much advertising due to the proliferation of new media.
True False
8. Advertisers today do not use male and female stereotypes in their ads.
True False
9. According to advertising supporters, it promotes a higher standard of living, subsidizes the arts and supports freedom of the press.
True False
10. Adherence to ethical and socially responsible principles is the moral obligation of advertisers.
True False
11. The U.S. Supreme Court does not differentiate between speech and commercial speech.
True False
12. While most children and parents are still joint consumers, more and more children are becoming sole decision makers.
True False
13. Because there are so many federal, state and local agencies that regulate different aspects of advertising, advertisers sometimes find it difficult to comply with regulations.
True False
14. Deceptive advertising occurs when a consumer is "unjustifiably injured" or there is a "violation of public policy".
True False
15. When State Farm insurance uses advertising to show that it has lower rates than Progressive insurance, it is using comparative advertising.
True False
16. The FTC can request a company use corrective advertising, but it may not legally require a company to do so.
True False

17. The big cursive *G* that appears in all ads for General Mills cereals is an example of a trademark.
True False
18. The chief function of the consumer protection agencies found in many cities and counties is to act as a watchdog for the federal regulators.
True False
19. The largest of the U.S. business-monitoring organizations is the Better Business Bureau.
True False
20. Uniform newspaper advertising codes make it easy for advertisers to make sure that their ads meet all legal and ethical requirements.
True False
21. According to the abundance principle, what two important functions does advertising perform?
22. What is deceptive advertising?
23. Define comparative advertising and describe how the FTC controls its misuse.
24. List the three courses of action open to the Federal Trade Commission (FTC) once it has determined an ad is deceptive or unfair.
25. How does the Library of Congress help regulate advertising?

26. What are the two operating arms of the National Advertising Review Council (NARC)? Briefly explain the function of each.
27. Helene wants a dog; she's not particular about size or breed. Bob, on the other hand, wants a German shepherd. In terms of demand, which of the two illustrates a primary demand for a dog?
28. What is the name of the economic principle that best demonstrates the importance of advertising?
29. What type of claim is a ski resort using that advertises it is "the perfect getaway?"
30. What is ethical advertising?
31. How does the U.S. Supreme Court define commercial speech?

32. What U.S. agency is the major regulator of advertising for products sold in interstate commerce?
33. What kinds of information does the Federal Trade Commission (FTC) look for in an investigation of a complaint about an advertiser?
34. Give an example of a trademark.
35. What is the source of most state legislation governing advertising?
36. What is the largest of the U.S. business-monitoring organization?
37. Of all the advertising media, which one conducts the strictest review of the advertising it carries?

38. What is the term used to describe social action to dramatize the rights of the buying public?
39. According to the text, externalities are:
- A. Unseen opportunity costs
 - B. Social costs
 - C. Factors used to increase the reach of advertising
 - D. Environmental tangibilities that act as barriers to communications
 - E. Inexpensive ways to increase perceptual value to a product
40. According to the text, which of the following images best describes the chain reaction of economic events that takes place once a company begins to advertise?
- A. The opening break shot in billiards
 - B. A beautiful women entering a room
 - C. A car speeding up as it goes downhill
 - D. Throwing darts and hitting the bull's eye
 - E. The knocking over of a line of dominoes
41. How does advertising affect the value of a product?
- A. Advertising cannot add value to a product if the advertising is needed to educate consumers about a new product use
 - B. By adding value to a product, advertising eliminates perceptual barriers to purchase
 - C. The value of advertising explains why someone would buy the more expensive Bayer aspirin rather than the store brand of aspirin that treats the same symptoms
 - D. Advertising always gives added value to generic brands
 - E. Advertising has no effect on the value of a brand or product
42. Which of the following statements about how advertising affects price is true?
- A. Advertising has a strong effect on the price of agricultural products such as leaf tobacco, soybeans and wheat
 - B. Advertising always increases the price of a product—never lowers it
 - C. The consumer who buys the product pays for the advertising
 - D. Advertising has had a significant impact on the prices charged by utilities
 - E. The amount typically spent on advertising is large compared with total sales
43. Which of the following statements about how advertising affects competition is true?
- A. Some observers believe that advertising actually restricts competition
 - B. Advertising is not a barrier to competition
 - C. Advertising is regulated so that it does not impede competition
 - D. Intense advertising often encourages the entry of new brands and manufacturers into the marketplace
 - E. Non-advertised products cannot compete with advertised products
44. Mike and Lou are going to the mall. Mike wants to buy a pair of jeans and Lou wants to buy a pair of Levi boot-cut jeans. Mike illustrates _____ demand while Lou illustrates _____ demand.
- A. Secondary; kinked
 - B. Longitudinal; circular
 - C. External; internal
 - D. Primary; selective
 - E. Selective; primary

45. Maria is very upset because the writers' strike has caused her to have to live without learning what's to come with the women on *Desperate Housewives* and how dangerous the secret organization depicted in *Heroes* is. Her husband is happy as long as something mindless is on television. Maria is exhibiting _____ primary.
- A. Primary
 - B. Kinked
 - C. Secondary
 - D. Selective
 - E. Seasoned
46. What effect does advertising have on consumer demand?
- A. Advertising creates trade barriers that prevent new competitors from entering the marketplace
 - B. Advertising slows the rate of product decline
 - C. Advertising moves the product quickly to the point in the product life cycle where it can be replaced by more efficient IMC
 - D. Advertising slows the adoption process and thus, lengthens the product life cycle
 - E. Advertising creates a pioneering advantage for products in the latter stages of their PLC
47. Which of the following statements about the effects of advertising on the business cycle is true?
- A. Historically, when business cycles dip, advertising expenditures increase
 - B. The increased advertising expenditures that occur during business cycle dips always produce an increase in personal consumption expenditures
 - C. When business cycles are down, advertising may act as a stabilizing force
 - D. The effect of advertising on business cycles is easily determined and monitored
 - E. Advertising does not affect the business cycle
48. The abundance principle states that in an economy that produces more goods and services than can be consumed, advertising:
- A. Maintains high prices
 - B. Keeps consumers informed of their selection alternatives
 - C. Contributes to the earth's waste disposal problem
 - D. Prevents companies from successfully competing for consumer dollars
 - E. Acts as a stabilizing factor during a business cycle downturn
49. According to the _____, if an economy produces more goods and services than can be consumed, advertising allows companies to compete more effectively for consumer dollars and keeps consumers informed of their selection alternatives.
- A. Abundance principle
 - B. Macroeconomic theory of supply and demand
 - C. Economic principle of normalization
 - D. Utilitarian principle of advertising
 - E. Normative theory of supply and demand
50. _____ refers to exaggerated, subjective claims that can't be proven true or false.
- A. Misleading advertising
 - B. Advertising hyperbole
 - C. Advertising manipulation
 - D. Exploitative advertising
 - E. Puffery
51. When the city of Pensacola, Florida, advertises itself as "the perfect place for the perfect Florida vacation", it is using:
- A. Unfair advertising
 - B. Advertising hyperbole
 - C. Deceptive advertising
 - D. Puffery
 - E. Exploitative advertising

52. In a 1940 issue of *Time* magazine, the Chesapeake and Ohio train lines advertised that riding its trains would provide travelers with "the most pleasant trip they have ever known". The advertiser used:
- A. Unfair advertising
 - B. Advertising hyperbole
 - C. Deceptive advertising
 - D. Puffery
 - E. Exploitative advertising
53. Under current law, the only product claims that are considered deceptive are those that:
- A. Omit important information about the product
 - B. Contain claims made without substantiation
 - C. Violate public policy
 - D. Are factually false and have the potential to deceive or mislead reasonable people
 - E. Exploit vulnerable groups
54. Which of the following statements about deceptive advertising is true?
- A. Puffery can be called deceptive advertising when consumers believe it to be true
 - B. Deceptive advertising is sometimes used because it establishes long-term consumer confidence in the product being advertised
 - C. To be labeled as deceptive, ads must contain some false or misleading statement
 - D. Deceptive ads serve the best interests of the advertisers
 - E. There are no regulations governing deceptive advertising
55. The basic premise of _____ is that advertisers intentionally create ads with sexual messages that are hidden in the illustrations just below the limen (the threshold of perception).
- A. Suggestive selling
 - B. Hidden attribution communication
 - C. Subliminal advertising
 - D. Peripheral communication
 - E. Faux marketing
56. According to Wilson Bryan Key, subliminal advertising:
- A. Works by creating a need for a previously unsought product
 - B. Consumers cannot be forced to perceive what cannot be seen
 - C. Works through embedded messages that seduce consumers into buying the good or service
 - D. Faux advertising is unethical
 - E. Results in a normative demand cycle for products
57. An ad shows a young woman laying in a meadow with small farmhouses dotting the landscape horizon. As she looks at the clouds and smoke coming from the chimneys of the farmhouses, the ad shows what appear to be the words, "Soup's On" in smoky letters coming from one of the chimneys. If Campbell's Soup were to run an ad such as this, the ad would be a form of which of the following?
- A. Suggestive selling
 - B. Hidden attribution communication
 - C. Subliminal advertising
 - D. Peripheral communication
 - E. Faux marketing
58. When advertisers spend millions of dollars trying to convince people that their products will make them sexier, healthier and more successful, they are trying to:
- A. Manipulate consumers' value systems
 - B. Shorten product life cycles
 - C. Avoid the need to use peripheral advertising
 - D. Proliferate stereotypical consumers
 - E. Avoid the use of puffery

59. Which of the following statements about the proliferation of advertising is true?
- A. The proliferation of advertising is purely a consumer misperception
 - B. While consumers believe there is a potential for too much advertising, advertisers do not believe it
 - C. Most people tolerate ad clutter as the price they must pay for freedom of the press, free TV and a high standard of living
 - D. The FCC has imposed no restraints on advertising clutter in any media
 - E. The proliferation of advertising has plateaued
60. According to the owner of NPC & Associates, Maryland's largest African-American-owned ad agency, "If you were to come from another planet and watch American television, you would think that all black people did was play basketball and hang out on street corners and do rap music." He is accusing advertising of:
- A. Making consumers too materialistic
 - B. Being excessive
 - C. Manipulating people into buying things they don't need
 - D. Being deliberately deceptive
 - E. Perpetuating stereotypes
61. Ever since the Napoleonic Wars, the British have used the term derogatory terms *frogs* to refer to the French. When the London-based *Institute Francais* advertised French language courses at all levels from beginners to advanced students, it pictured the development of a frog in stages from egg through tadpole to full maturity. This would be an example of:
- A. Deliberate deception
 - B. Advertising manipulation
 - C. Faux marketing
 - D. Stereotype perpetuation
 - E. Cultural malfeasance
62. With respect to offensiveness in advertising, Benetton ads frequently come under attack for its usage of nudity and sexual innuendo. Professionals indicate that the ultimate regulator of such ads is the fact that:
- A. The government is currently forming policy that will completely control this form of advertising
 - B. Companies such as this will never be able to successfully expand worldwide where moral standards are higher than in the United States
 - C. Trends will eventually change and the problem will take care of itself
 - D. Companies such as Calvin Klein will eventually run out of money and the advertising will cease
 - E. If the ads don't pull in the audience, the campaign will falter and die—the marketplace has the ultimate veto power
63. _____ means doing what the advertiser and the advertiser's peers believe is morally right in a given situation.
- A. Principled advertising
 - B. Situational advertising
 - C. Truth-in-advertising
 - D. Ethical advertising
 - E. Responsible advertising
64. Advertisers those are socially responsible:
- A. Are always is mindful of man's need for open communication
 - B. Do what the government wants for society should be of paramount importance in creating ads
 - C. Do what society views as best for the welfare of people in general
 - D. Do what ethical societies have prescribed for businesses
 - E. Realize there primary responsibility is to provide the greatest good for the largest number of people

65. Nike's Air Jordan XX3, the 23rd edition of the series of shoes endorsed by retired basketball star Michael Jordan, differs from its predecessors because it is the first basketball shoe shaped by what Nike calls "Nike Considered", an approach to design that favors environmentally-preferable materials, reduces toxic chemicals and curbs waste. By adopting such environmentally-supportive standards to make its products, Nike is:
- A. Manipulating the consumer
 - B. Behaving in a socially responsible fashion
 - C. Perpetuating a materialistic viewpoint
 - D. Complying with federal regulations
 - E. Initiating a market development strategy
66. How do advertisers show their social responsibility?
- A. By refraining from the use of advertising clutter
 - B. By providing millions of dollars of *pro bono* work to nonprofit organizations
 - C. By obeying FTC regulations
 - D. By creating markets for new products
 - E. By creating self-regulatory agencies
67. How has the U.S. Supreme Court defined the rights of advertisers under the First Amendment?
- A. It has supported the ban against professional advertising
 - B. It has established strict control over packaged-goods advertising
 - C. It has banned all cigarette advertisements from the broadcast media
 - D. It has distinguished between "speech" and commercial "speech"
 - E. It has made social responsibility mandatory for publicly traded firms
68. For businesspeople that believe that freedom of commercial speech should be afforded equal protection under the First Amendment, the _____ is ominous.
- A. Banning of puffery
 - B. Legislation against tobacco advertising
 - C. Establishment of the Children's Advertising Review Unit that wants to ban all advertising targeted to children
 - D. Need to avoid any semblance of stereotyping
 - E. Concern with political correctness
69. To promote responsible children's advertising and to respond to public concerns, the Council of Better Business Bureaus established the:
- A. Children's Protection Agency to raise money for ethical children's advertising
 - B. Children's advertising review unit (caru)
 - C. Children's Board of Information to review all children's advertising
 - D. Board of Advertising Review to rate ads in the same manner that movies are rated
 - E. Code for Ethical Children's Advertising
70. Which of the following statements about consumer privacy issues is true?
- A. Concern about privacy is declining from a high reached during the 1990s
 - B. The fact Web sites gather information about visitors without knowledge of the visitors is a privacy concern
 - C. Internet companies use the information they gather about consumers to create personalized files about each individual
 - D. The Federal Trade Commission regulates privacy rights
 - E. None of the above statements about consumer privacy issues is true

71. The Federal Trade Commission (FTC) regulates:
- A. Advertising for products sold in interstate commerce
 - B. How hazardous products are packaged and advertised
 - C. Liquor advertisements, through its power to suspend, revoke or deny renewal of manufacturing and sales permits for distillers and brewers
 - D. The advertising, packaging and branding of all packaged goods
 - E. The placement and wording of warning statements in advertisements for toys, household products and other hazardous substances that can cause injury or death
72. The FTC defines _____ as any ad that contains a misrepresentation, omission or other practice that can mislead a significant number of reasonable consumers to their detriment.
- A. Hazardous IMC
 - B. Faux marketing
 - C. Unfair advertising
 - D. Deceptive advertising
 - E. Subversive advertising
73. U.S. Caviar ran ads in an onboard American Airlines magazine offering real Russian caviar at substantially lower prices than it typically sold for. Later FTC investigators determined the caviar U.S. Caviar was selling as exotic Russian caviar was produced in the U.S. and was actually overpriced given its quality. U.S. Caviar engaged in:
- A. An ethical lapse
 - B. Unethical advertising
 - C. Deceptive advertising
 - D. An ethical dilemma
 - E. Anti-competitive advertising
74. Safeway, a UK supermarket chain, was reprimanded by a government agency in the United Kingdom because it distributed a leaflet titled "More reasons NOT to shop at Morrisons". (Morrisons is one of Safeway's primary competitors in the UK.) In the leaflet, Safeway depicted two shopping receipts, one for Safeway and one for Morrisons. The Safeway receipt claimed goods purchased at Safeway were much cheaper than the same goods purchased at Morrisons. Morrisons said that the goods on the imaginary receipt were not typical purchases and that the reason they were cheaper on the Safeway receipt was because the goods were on sale in the Safeway store. The FTC would have said that Safeway was guilty of:
- A. An ethical lapse
 - B. Unethical advertising
 - C. Deceptive advertising
 - D. An ethical dilemma
 - E. Non-competitive advertising
75. _____ advertising occurs when a consumer is "unjustifiably injured" or there is a "violation of public policy".
- A. Deceptive
 - B. Corrective
 - C. Unfair
 - D. Hazardous
 - E. Injurious
76. A complaint was filed with the Federal Trade Commission that accused the film industry regularly advertised R-rated movies during television shows and in magazines most popular with children. In other words, the FTC investigated to see if the film industry was guilty of:
- A. An ethical lapse
 - B. Unfair advertising
 - C. Deceptive advertising
 - D. An ethical dilemma
 - E. Anti-competitive advertising

77. In 2005, Adolph Coors Co. ran an ad which featured a purported taste test between Aspen Edge and Anheuser-Busch's Michelob Ultra. A taste-tester downed a glass of Aspen Edge and took only a sip of Michelob Ultra. A print version of the ad said, "Beer drinkers agree that Aspen Edge has more taste than Michelob Ultra". This ad is an example of _____ advertising.
- A. Corrective
 - B. Professional
 - C. Comparative
 - D. Cease-desist
 - E. Consent
78. Two companies, Le Shuttle and P&O European Ferries, provide Europeans with the ability to cross the English Channel. An advertisement for Le Shuttle claimed it was more popular with travelers than P&O European Ferries. This is an example of _____ advertising.
- A. Corrective
 - B. Professional
 - C. Comparative
 - D. Cease-desist
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79. In 2005, Adolph Coors Co. ran an ad which featured a purported taste test between Aspen Edge and Anheuser-Busch's Michelob Ultra. A taste-tester downed a glass of Aspen Edge and took only a sip of Michelob Ultra. A print version of the ad said, "Beer drinkers agree that Aspen Edge has more taste than Michelob Ultra". Coors was forced to remove the television advertisements after Anheuser-Busch said it made unsubstantiated claims about consumer preferences. Anheuser-Busch:
- A. Was exercising its right to protect its trademark
 - B. Accused Coors of violating copyright laws
 - C. Was using laws designed to protect protects from gray marketing
 - D. Wanted to see the research data that supported this claim of superior taste
 - E. Issued an unsupported cease-and-desist order
80. Two companies, Le Shuttle and P&O European Ferries, provide Europeans with the ability to cross the English Channel. An advertisement for Le Shuttle claimed it was more popular with travelers than P&O European Ferries. P&O European Ferries lodged an objection with a European regulatory agency and pointed out that they had carried 1. 4 million cars in the previous year compared to only 1 million on the Shuttle. P&O European Ferries was hoping to get Le Shuttle to run _____ advertising.
- A. Corrective
 - B. Professional
 - C. Comparative
 - D. Cease-desist
 - E. Consent
81. When Grace looked at the container of Roundup weed and grass killer, she saw a notice that read, "Avoid contact with eyes. This product can cause eye irritation". This _____ would be important to all of us who wanted to take the best possible care of our eyes.
- A. Package requirement
 - B. Testimonial of goodness
 - C. Nutritional claim
 - D. Substantiation
 - E. Affirmative disclosure
82. When the Federal Trade Commission determines that an ad is deceptive or unfair, it can:
- A. Require the advertiser to run cooperative advertising
 - B. Convince the advertiser to sign a consent decree
 - C. Require the advertiser to pay reimbursements to all consumers who bought the product
 - D. Force the firm that ran the deceptive ad to get "advance clearance" on all future ad campaigns
 - E. Place a federal representative in the deceptive firm's advertising department to oversee future ad campaigns

83. A(n) _____ is a document that the advertiser accused of deceptive or unfair advertising signs in which it agrees to stop the objectionable advertising.
- A. Consent decree
 - B. Product substantiation claim
 - C. Cessation order
 - D. Ad sanctioning agreement
 - E. Guilt disclosure
84. Cease-and-desist orders:
- A. Are voluntary statements that have no legal ramifications
 - B. Require that the FTC place a representative in the advertising department of the accused advertiser to monitor further campaigns
 - C. Prohibit further use of the offending advertisement
 - D. Prohibit further advertising
 - E. Are issued by the Better Business Bureau
85. The Federal Trade Commission has filed a complaint against Provide Commerce, the parent company of Pro-Flowers, for "false and misleading" advertising. Pro-Flowers claim that it ships inventory "directly from the fields". The ads imply that the flowers are not picked until they are ordered. Pro-Flowers actually stores flowers in refrigerated warehouses and ships from these warehouses. The FTC has ordered Pro-Flowers to run _____ and inform its customer that its flowers do not come fresh from the field.
- A. Substantiated
 - B. Corrective
 - C. Cease-desist
 - D. Consent
86. Which of the following statements about the Food and Drug Administration (FDA) is true?
- A. The FDA has authority over the labeling, packaging and branding of all packaged foods and therapeutic devices
 - B. The FDA requires manufacturers to list major ingredients on product labels
 - C. The FDA does not require health food manufacturers to list the ingredients of their products on package labels
 - D. The FDA has no control over promotional statements on package labels
 - E. The FDA is a branch of the Federal Trade Commission (FTC)
87. Which federal agency would have the authority to deal with the fact that a brand of hotdog marked "Low Fat" contains only ten percent less fat than regular hotdogs?
- A. The Library of Congress
 - B. The Patent and Trademark Office
 - C. The Food and Drug Administration
 - D. The United States Post Office
 - E. The Federal Communications Commission
88. An ad in a 1940 *Time* magazine states, "Listerine mouthwash reduces germs on up to 96.7% of tissue surfaces 15 minutes after a Listerine gargle. Which federal agency would have the authority to determine if this claim was correct?
- A. The Library of Congress
 - B. The Patent and Trademark Office
 - C. The Food and Drug Administration
 - D. The United States Post Office
 - E. The Federal Communications Commission

89. The _____ has indirect control over advertising through its authority to license or revoke the license of all broadcasting stations.
- A. Federal trade commission
 - B. Federal communications commission
 - C. Better business bureau
 - D. National advertising review council
 - E. Office of Consumer Affairs
90. Through the issuance of _____, the government provides incentives to invent, invest in and disclose new technology worldwide.
- A. Trademarks
 - B. Copyrights
 - C. Patents
 - D. Venture capital
 - E. Differential advantages
91. A trademark:
- A. Is any word, name, symbol or device or combination thereof, which identifies one particular product or . line of products from a single source
 - B. Prevents the whole ad from being legally used by another
 - C. Is required by law to be significantly different from the trade name of the organization that owns the trademark
 - D. Is registered and protected by the Library of Congress
 - E. Grants exclusive rights to the trademarked material for the life span of its owner plus an additional 50 years
92. Which of the following can be copyrighted?
- A. An idea for an ad campaign featuring comic characters from the 1930s
 - B. The dynamic ribbon used in Coca-Cola ads
 - C. The U.S. Marine Corps symbol
 - D. The NBC peacock
 - E. The newest book by Dan Brown
93. Much of the state legislation that deals with advertising is based on the:
- A. Constitution of Great Britain
 - B. Self-regulation codes published by the advertising profession
 - C. "truth-in-advertising" model developed by *Printer's Ink*, the industry trade paper for many years
 - D. U.S. Supreme court's "code of commercial speech"
 - E. Federal government's "General Code of Advertising Ethics"
94. Which of the following is the largest of the U.S. business-monitoring organizations?
- A. Office of Consumer Affairs
 - B. Better business bureau
 - C. Consumer protection agency
 - D. American Association of Consumers
 - E. U.S. Chamber of commerce
95. The primary purpose of the National Advertising Review Council is to:
- A. Promote and enforce standards of truth, accuracy, taste, morality and social responsibility in advertising
 - B. Supplant the Federal Trade Commission as the chief advertising regulatory agency
 - C. Work with the Department of Justice to prevent any one company from monopolizing a particular media
 - D. Protect consumers from unfair and deceptive advertising
 - E. Promote the benefits of advertising to its critics

96. The National Advertising Division (NAD) of the National Advertising Review Council (NARC):
- A. Promote the benefits of advertising to its critics
 - B. Serves as the appeal board for decisions made by the National Advertising Review Board
 - C. Is a monitoring and investigative body
 - D. Protect consumers from unfair and deceptive advertising
 - E. Guides new businesses in the development of ethical advertising codes
97. *Good Housekeeping* magazine places its "Seal of Approval" on all the products advertised in it. If any of the products are later found to be defective, *Good Housekeeping* promises to refund the money paid for the products. This kind of careful screening:
- A. Is required by the Federal Trade Commission
 - B. Is a way for a medium to monitor its advertisements
 - C. Was required by legislation passed during the Great Depression and *Good Housekeeping* has continued the practice
 - D. Is used by most print media, including the tabloids
 - E. Is redundant given the watchfulness of federal regulatory agencies
98. _____ is defined as social action designed to dramatize the rights of the buying public.
- A. De-marketing
 - B. Consumerism
 - C. Social responsibility
 - D. Socialization
 - E. Consumer lobbying
99. Consumer advocate groups:
- A. Substantiate ads
 - B. Sponsor competitor boycotts
 - C. Create communications barriers that make it difficult for advertisers to reach disadvantaged consumers
 - D. Submit complaints about ads to appropriate government agencies
 - E. Do all of the above
100. The _____, an association of the largest ad agencies in the United States, monitors industry-wide advertising practices.
- A. American advertising federation
 - B. Association of National Advertisers
 - C. Consumer Federation of America
 - D. American Association of Advertising Agencies
 - E. National advertising review council

ch02 Key

1. (p. 27) TRUE
2. (p. 28) TRUE
3. (p. 29-30) FALSE
4. (p. 31) FALSE
5. (p. 31) TRUE
6. (p. 32) TRUE
7. (p. 34) TRUE
8. (p. 35) FALSE
9. (p. 37) TRUE
10. (p. 38) TRUE
11. (p. 39) FALSE
12. (p. 40) TRUE
13. (p. 41) TRUE
14. (p. 42) FALSE
15. (p. 44) TRUE
16. (p. 45) FALSE
17. (p. 47) TRUE
18. (p. 48) FALSE
19. (p. 48) TRUE
20. (p. 51) FALSE
21. (p. 31) Advertising keeps consumers informed of their selection alternatives. It also allows companies to compete more effectively for consumers.
22. (p. 42) Deceptive advertising is any ad in which "there is a misrepresentation, omission or other practice that is likely to mislead the consumer, acting reasonably in the circumstances, to the consumer's detriment".
23. (p. 44) Comparative advertising is advertising in which one company claims its product is superior to another in some respect. The ads must compare some objectively comparable measurable characteristic. Anyone guilty of misrepresentations about a competitor's product is vulnerable to a civil suit. (The previous law made no such mention of misrepresentation.)
24. (p. 45) The three courses of action are to (1) request the advertiser to sign a consent decree, (2) issue a cease-and-desist order and (3) require corrective advertising.
25. (p. 47-48) The Library of Congress registers and protects all copyrighted material in the United States, including advertising.
26. (p. 49) The first is the National Advertising Division of the Council of Better Business Bureaus, a monitoring and investigative body. The second is the National Advertising Review Board, which serves as the appeal board for NAD decisions.
27. (p. 30) Bob.
28. (p. 31) The abundance principle.
29. (p. 31) Puffery.
30. (p. 37) Doing what it believed to be morally right in a given situation.
31. (p. 39) As speech that promotes a commercial transaction.
32. (p. 42) Federal Trade Commission.
33. (p. 45) Substantiation, endorsements and affirmative disclosures.

34. (p. 49) Students' answers will vary from the Coca-Cola ribbon to the Nike swoosh.
35. (p. 48) A "truth-in-advertising" model was developed by *Printer's Ink* in 1911.
36. (p. 48) Better Business Bureau (BBB).
37. (p. 50) Network television.
38. (p. 51) Consumerism.
39. (p. 27) B
40. (p. 28) A
41. (p. 27-29) C
42. (p. 29) C
43. (p. 29-30) A
44. (p. 30) E
45. (p. 30) D
46. (p. 30) B
47. (p. 30) C
48. (p. 31) B
49. (p. 31) A
50. (p. 31) E
51. (p. 31) D
52. (p. 31) D
53. (p. 31-32) D
54. (p. 31-32) A
55. (p. 32) C
56. (p. 32) C
57. (p. 32) C
58. (p. 34) A
59. (p. 34) C
60. (p. 35) E
61. (p. 35) D
62. (p. 35-37) E
63. (p. 37) D
64. (p. 37) C
65. (p. 37) B
66. (p. 38) B
67. (p. 39) D
68. (p. 40) B
69. (p. 40) B
70. (p. 41) E
71. (p. 42) A

72. (p. 42) D
73. (p. 42) C
74. (p. 42) C
75. (p. 42) C
76. (p. 42) B
77. (p. 44) C
78. (p. 44) C
79. (p. 44-45) D
80. (p. 45) A
81. (p. 45) E
82. (p. 45) B
83. (p. 45) A
84. (p. 45) C
85. (p. 45) B
86. (p. 45-46) A
87. (p. 45) C
88. (p. 45) C
89. (p. 46-47) B
90. (p. 47) C
91. (p. 47) A
92. (p. 47) E
93. (p. 48) C
94. (p. 48) B
95. (p. 49) A
96. (p. 49) C
97. (p. 50) B
98. (p. 51) B
99. (p. 51) D
100. (p. 51) D

ch02 Summary

<u>Category</u>	<u># of Questions</u>
Arens - Chapter 02	100
Difficulty: Easy	22
Difficulty: Hard	11
Difficulty: Medium	67
Type: Application	27
Type: Comprehension	28
Type: Comprehensive	3
Type: Definition	42