

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

- 1) Topo is a national electronics retailer which is offering to sell 2000 computer games at 70 per cent below the recommended retail price. Most of the games are good quality name brands but some are cheap imports. Topo is warning customers- 'No refunds or exchanges will be given. A small percentage of these games may be faulty. Purchase at your own risk'. Would this warning protect Topo from liability to consumers who purchase defective games?
- A) No, because the warning is not valid unless consumers sign an exclusion clause prior to purchase.
 - B) No, because consumers cannot be refused refunds or exchanges for faulty goods
 - C) Yes, because the warning has become a legal condition of sale.
 - D) Yes, provided the warning is clearly displayed at the entrance to the store and included on all advertising material, including television advertisements.

Answer: B

- 2) Monika Fashions wants to protect its brand image. It has offered the owners of stores that stock its clothing a free weekend in Noosa plus airfares provided they sell Monika Fashions for the recommended retail price (RRP). Has Monika Fashions breached an anti-competitive provision of the Competition and Consumer Act (CCA)?
- A) Yes, because even incentives to sell at an RRP could breach the Act.
 - B) No, because Monika Fashions has not made threats or refused to supply the retailers.
 - C) No, because a breach must be intentional. Monika Fashions appears to be innocently protecting its brand image.
 - D) Yes, because the CCA prohibits suppliers from offering gifts or prizes to retailers unless the offer has been authorised by the ACCC.

Answer: A

- 3) A business has paid for advertisements in which it claimed its goods or services are superior to those of competitors. The business is likely to breach the misleading or deceptive conduct provisions of s 18 of the *Australian Consumer Law* if the advertisements:
- A) offer the business's goods or services at a much lower price than those of its competitors.
 - B) do not have the approval to mention the names of the competitors.
 - C) create a false impression by failing to disclose relevant information
 - D) rely on scientific tests.

Answer: C

- 4) Ambush marketing occurs when a campaign or publicity stunt:
- A) uses surprise or deception to achieve maximum exposure of its products.
 - B) dominates the advertising strategies of its competitors.
 - C) makes false use of trade marks or other intellectual property rights of its competitors.
 - D) causes consumers to associate the advertiser's goods or services with a high profile rival campaign.

Answer: D

- 5) Bullseye Pty Ltd ran several national television advertisements which offered '25-40 per cent off all items of clothing'. At the end of each advertisement a disclaimer in small print stated 'underwear and socks not included'. Which of the following statements best sums up Bullseye's legal position under the *Australian Consumer Law* (ACL)?
- A) Bullseye has not breached the ACL. Sales promotions do not require disclaimers. Bullseye made a voluntary admission and the size of the print is not relevant.
 - B) Bullseye has not breached the ACL. It is not necessary to insert a disclaimer in the main part of an advertisement or use large print.
 - C) Bullseye has breached the ACL. Disclaimers that modify claims should be prominent and clear.
 - D) Bullseye has breached the ACL because the disclaimer should have appeared in at least three languages as well as English.

Answer: C

- 6) Which of the following statements is not true in relation to marketing competitions and promotions?
- A) Loyalty schemes, such as ones that offer frequent flyer points, run a high risk of breaching s 18 of the Australian Consumer Law if they are dishonest or unclear about the true value of the rewards they offer.
 - B) Participants must be eligible to win a prize solely because they have purchased the promoter's product or allowed to enter for free.
 - C) In all jurisdictions promoters must obtain a permit before they can conduct a competition or promotion.
 - D) A competition is likely to be classified as a game of skill if it shows a photograph of a football game and asks participants to mark a spot where the football has been erased.

Answer: C

- 7) Which of the following is not a requirement under federal or state laws that must be satisfied for a competition or lottery?
- A) Participants have an equal chance of winning.
 - B) Results must be announced in a specified way, usually by a public notice in a national newspaper.
 - C) Participants are eligible to win solely because they have purchased the promoter's product.
 - D) Names of prizewinners can only be made public with the approval of the winners.

Answer: A

- 8) Organisers of loyalty schemes, such as ones that offer frequent flyer points, run a high risk of breaching s 18 of the *Australian Consumer Law* if they are not honest and clear in regard to:
- A) the corporate status of the promoters.
 - B) the names of the financial backers behind the scheme.
 - C) the true value of the prizes they offer.
 - D) all of the above.

Answer: C

- 9) Which of the following practices are prohibited because they could deceive consumers about the quantity of goods in containers or packages?
- A) Unnecessary amounts of padding or filler material.
 - B) Unnecessarily thick walls.
 - C) Opaque (non 'see through') packaging that leaves more free space than the consumer realises.
 - D) All of the above.

Answer: D

10) The packaging of manufactured goods must clearly and prominently display:

- A) the combined weight of the goods and the packaging.
- B) The name and address of the packager.
- C) the average quantity of the goods.
- D) all of the above.

Answer: B

11) Which of the following statements is not accurate in relation to views on marketing ethics?

- A) There is often a close connection between ethical practices and the law.
- B) An ethical approach could be described as 'treating others as you would wish to be treated'.
- C) Your ethical views are likely to be a product of your upbringing and experiences.
- D) Ethical questions are relatively easy to resolve because there is a broad social agreement about what is ethically acceptable behaviour.

Answer: D

12) In which of the following categories would you place a marketing professional who believes that individuals act exclusively in their own self interest?

- A) A moralist.
- B) A utilitarian.
- C) A legalist.
- D) An amoralist.
- E) A rationalist.

Answer: D

13) In which of the following categories would you place a marketing professional who is concerned with remaining true to their ethical beliefs even if they may suffer disadvantages from taking that position?

- A) A rationalist.
- B) A legalist.
- C) A moralist.
- D) A utilitarian.
- E) An amoralist.

Answer: C

14) A marketing manager who believes that the right decision is the one that benefits the greatest number of stakeholders in a campaign would be categorised as:

- A) A legalist.
- B) A rationalist.
- C) An amoralist.
- D) A utilitarian.
- E) A moralist.

Answer: D

- 15) Dan is the marketing research manager for a project which interviewed 200 people on a range of topics including their attitudes to sexual preferences. Despite promises of confidentiality there is a danger that some of the participants can be identified when the research is distributed. If Dan takes a legalist approach to this ethical dilemma he is most likely to:
- A) take the risk by convincing himself that that many other research campaigns have been far worse in terms of illegal privacy breaches.
 - B) use the results because the possible fines and other penalties for privacy breaches are very modest.
 - C) argue the results should be modified or not used because he has a strong personal belief that personal privacy is a basic right
 - D) hold all of the above views.

Answer: B

- 16) On 15 January Dina saw an expensive runners' treadmill advertised on the Internet and immediately purchased it. The treadmill was delivered on 22 January. On the following day Dina realised she had made a mistake. She has not unpacked the treadmill. Does she have the right under the Australian Direct Marketing Association (ADMA) code to send back the product and get a refund?
- A) Yes, provided she is willing to pay for the postage and a 15 per cent handling charge.
 - B) No, because the cooling off period only runs for seven days.
 - C) No, because internet selling is not covered by the code.
 - D) Yes, because the cooling off period runs for 10 days.

Answer: D

- 17) The Telecommunications Industry Ombudsman (TIO) has the power to resolve a dispute with a consumer by ordering one of its members:
- A) to pay for corrective advertising and issue an apology to the consumer.
 - B) to carry out the necessary work for the consumer within 30 days.
 - C) to pay compensation of up to \$10 000.
 - D) to comply with any of the above.

Answer: C

- 18) If a member of the Australian Marketing Institute (AMI) breaches its Code of Conduct the AMI has the power:
- A) to order the member to issue corrective advertising and issue an apology.
 - B) to impose a fine of up to \$10 000.
 - C) to expel the member from the AMI.
 - D) to carry out all of the above.

Answer: C

- 19) Which of the following statements about the Advertising Federation of Australia (AFA) is not true?
- A) It focuses on issues such as breaches of the *Australian Consumer Law*.
 - B) It has the power to expel members.
 - C) It regulates the relationships between advertisers, media owners and competitors.
 - D) It represents corporations in advertising and marketing communications

Answer: A

- 20) Which of the following statements about the Australian Association of National Advertisers (AANA) is not true?
- A) It represents the interests of advertising agencies and members in advertising and marketing roles.
 - B) It is largely responsible for self-regulation of the industry.
 - C) The AANA code considers community standards on sex, violence and obscene language.
 - D) It has the power to expel members.

Answer: D

- 21) The Advertising Standards Board (ASB) hear complaints about issues of 'taste and decency' in advertising. If the ASB determines the complaint is proven it has the power:
- A) to take action against the advertiser in a tribunal, such as an Anti-Discrimination Tribunal.
 - B) to order the advertiser to modify or discontinue the advertisement.
 - C) to impose a fine.
 - D) to carry out all of the above.

Answer: B

- 22) The Advertising Claims Board (ACB) hears complaints from anyone who believes that an advertisement has been untruthful, inaccurate or breaches the AANA Code of Ethics. Which of the following statements about this complaint process is true?
- A) The ACB has the power to ban advertisements that result in serious breaches of the Code.
 - B) The ACB has the power to order an advertiser to modify or discontinue the advertisement.
 - C) Most complaints are lodged by rival advertisers.
 - D) All of the above statements are true.

Answer: D

- 23) Which of the following is not an objective of the *Australian Broadcasting Services Act 1992*?
- A) To ensure diversity in programming.
 - B) To foster an Australian cultural identity.
 - C) To limit the concentration of ownership and foreign control of the mass media.
 - D) To restrict advertising on commercial television to an maximum of 12-15 minutes per hour between 8am to 11pm.

Answer: D