

QUESTION 1**3 points** Save Answer

Select the statement that reflects the general sense of vulnerability that is relevant to target marketing:

- ☐ A person is vulnerable as a consumer who is able to participate as a fully informed and voluntary participant in the market exchange.
- ☐ A person is vulnerable who is the typical consumer for a particular product.
- ☐ A person is vulnerable who is susceptible to some physical, psychological, or financial harm other than the financial harm from an unsatisfactory market exchange.
- ☐ A person may be seen as vulnerable who belongs to some ethnic group, or is poor, or is a resident of a particular neighborhood.

QUESTION 2**3 points** Save Answer

Choose the statement that does *not* challenge the assumptions commonly found in economic textbooks that customers are benefitted, almost by definition, whenever their preferences are satisfied in the market:

- ☐ Impulse buying cannot be justified by appeal to consumer interests.
- ☐ The exchange is prima facie ethically legitimate because it assumes that the individuals involved in the transaction act as free, autonomous agents capable of pursuing their own ends.
- ☐ The ever-increasing number of bankruptcies suggests that consumers cannot purchase happiness.
- ☐ Empirical studies provide evidence that greater consumption can lead to unhappiness.

QUESTION 3**3 points** Save Answer

Select the statement at odds with the idea that pricing strategies may be unfair:

- ☐ Large stores in competition with smaller stores can absorb losses from undercutting the smaller stores on price, an option not available to the smaller stores.
- ☐ Distribution systems are established that reward large retailers with lower costs per unit than the costs per unit smaller stores may carry.
- ☐ A competitive market should drive out uncompetitive firms by driving prices down.
- ☐ Government subsidies of one industry may keep alternative industries from competing on price.

QUESTION 4**3 points** Save Answer

In claiming that the concept of negligence is based on the standard of the “reasonable” person, who is a thoughtful, reflective, and judicious decision maker, we ask no more of the average consumer than the consumer is able to give.

- ☐ True
- ☐ False

QUESTION 5**3 points** Save Answer

It is impossible to manipulate someone without deceiving them.

- ☐ True
- ☐ False

QUESTION 6**3 points** Save Answer

Identify the statement that fails to reinforce the idea that the purchases made by consumers may not be truly voluntary:

- ☐ The more consumers need a product, the less free they are to choose.
- ☐ The consumer may experience anxiety and stress, e.g., when purchasing an automobile.

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- ☐ There may be marketing practices aimed at vulnerable populations such as children or the elderly.
- ☐ All of these statements reinforce the idea consumer purchases may not be truly voluntary.

QUESTION 7**3 points** **Save Answer**

Unlike marketing, which is directed to general populations, sales are directed to individuals, and, as a result, any salesperson who fails to stop a sales pitch when the salesperson suspects that a customer's decision-making is not autonomous, is acting unethically.

- ☐ True
- ☐ False

QUESTION 8**3 points** **Save Answer**

Which of the following examples are ways in which persons are vulnerable as consumers because they are vulnerable in some more general sense?

- ☐ Elderly persons vulnerable to injuries and illnesses may be compelled to make consumer choices based on fear or guilt.
- ☐ A grieving family member may make choices for funeral services based on guilt or sorrow.
- ☐ An inner-city resident who is poor, uneducated, and chronically unemployed is unlikely to weigh the consequences of using drugs and alcohol.
- ☐ All of these are ways in which persons who are generally vulnerable may become vulnerable as consumers.

QUESTION 9**3 points** **Save Answer**

If consumers are being manipulated by advertising, what are some key ethical implications?

- ☐ Individual autonomy, the central element of Kantian respect for persons, would be violated by the creation of wants.
- ☐ If consumers pursue trivial and contrived products, market exchanges only appear to increase overall satisfaction.
- ☐ Consumer autonomy is violated by advertising's ability to create non-autonomous desires.
- ☐ All of these are ethical implications if consumers are manipulated by advertising.

QUESTION 10**3 points** **Save Answer**

Select the statement that represents a situation where informed consent is not operative:

- ☐ The complexity of a product has been fully explained to a consumer.
- ☐ The customer is not clear about the calculation of the interest rate on a leased product transaction.
- ☐ The extended warranty conditions on a product have been fully disclosed to a consumer.
- ☐ Warning labels on a product have pointed out any potential hazards associated with operating it.

QUESTION 11**3 points** **Save Answer**

Even if there are social costs involved in a transaction, or costs not reflected in the price agreed to by the parties to the transaction, the fact that the price is freely agreed to means that it must still be accepted as fair and beneficial.

- ☐ True
- ☐ False

QUESTION 12**3 points** **Save Answer**

Ethical wrong is done either by intending to deceive consumers in order to manipulate their buying behavior, treating them as a mere means to one's own ends (the Kantian approach), or by the harmful consequences for

consumers and competitors from overall market efficiency (the utilitarian approach), but not by both.

- ☐ True
☐ False

QUESTION 13

3 points [Save Answer](#)

Select the statement that doesn't challenge the claim that producers should not be held strictly liable for harms not caused by their negligence:

- ☐ Strict liability adds significant hidden costs to every consumer product.
- ☐ Strict liability places domestic producers at a competitive disadvantage with foreign businesses.
- ☐ If it is unfair to penalize businesses for harms they couldn't prevent, it is equally unfair to penalize consumers for harms they could not prevent.
- ☐ Strict liability discourages product innovation and encourages frivolous and expensive lawsuits.

QUESTION 14

3 points [Save Answer](#)

Manipulation of a person, considered as a process of subtle direction or management, does not entail total control of that person.

- ☐ True
☐ False

QUESTION 15

3 points [Save Answer](#)

Even if marketing practices are effective, i.e., even if marketing can and does influence consumer choice, there is no reason to believe that marketing has any ethical responsibility for the consequences of choices made by consumers who are vulnerable to products that may harm their health.

- ☐ True
☐ False

QUESTION 16

3 points [Save Answer](#)

It is alleged that markets fail, in some situations, to ensure a fair price and thereby limit consumers' freedom. Which statement does *not* support that allegation?

- ☐ Sellers extract extraordinarily high prices in situations where consumers have few options for obtaining a needed product.
- ☐ From the utilitarian perspective, consumers are always benefited by low prices; balancing the benefits to buyers from low prices with the benefits to sellers of high prices is the only ethical pricing issue.
- ☐ Monopolistic pricing limits the variety of products available to consumers.
- ☐ The more uniformity of prices one finds within an industry, the less likely it is that competition exists.

QUESTION 17

3 points [Save Answer](#)

What statement suggests that the Johnson & Johnson Tylenol ad stating that "last year hospitals dispensed 10 times as much Tylenol as the next four brands combined" was suspiciously deceptive?

- ☐ It was a simple statement of a valid claim about the product.
- ☐ It was an effort to call attention to the practice of selling the drug to hospitals at a deep discount.
- ☐ Johnson & Johnson wanted consumers to think that the medical profession and hospitals believed it was the most effective acetaminophen treatment on the market.
- ☐ Johnson & Johnson wanted to show its commitment to lowering medical costs to consumers.

QUESTION 18

3 points [Save Answer](#)

According to McCall's fairness argument, holding the manufacturer liable under the strict product liability doctrine is fair because the injuries caused by a product are externalities that fairness requires to be internalized in the exchange between producer and consumer

in the exchange between producer and consumer.

- ☐ True
☐ False

QUESTION 19

3 points

Save Answer

The legal concept of negligence focuses on the conduct and state of mind of the producers, and holds them responsible for harms only when they fail to act in ways that could have prevented the harm.

- ☐ True
☐ False

QUESTION 20

3 points

Save Answer

The *dependence effect* is based on John Kenneth Galbraith's claim that consumer demand depends on what producers have to sell. In effect, advertising, by creating wants, manipulates consumers, and violates their autonomy.

- ☐ True
☐ False

QUESTION 21

3 points

Save Answer

The strict products liability standard requires a manufacturer to compensate injured consumers:

- ☐ only if it can be shown that the manufacturer was at fault in causing or failing to prevent a harm.
☐ even if the manufacturer was not at fault, even if there was nothing the manufacturer could have done to prevent the harm.
☐ only if the manufacturer used fraud or coercion at the time the contract for the product was agreed to by the consumer.
☐ only if the product's features were described in a deceptive manner in advertising copy.

QUESTION 22

3 points

Save Answer

Any effort by the Federal Trade Commission (FTC) to evaluate *expected* deceptive marketing practices would be seriously flawed because it would mean punishing business on the basis of what the FTC thinks might happen rather than on what actually does happen.

- ☐ True
☐ False

QUESTION 23

3 points

Save Answer

The legal doctrine of strict products liability is controversial because it holds a business liable to pay for damages in cases where it was not at fault.

- ☐ True
☐ False

QUESTION 24

3 points

Save Answer

Even though parties freely engage in an exchange of goods or services, we cannot be sure that autonomy has been respected (the Kantian requirement) and that mutual benefit has been achieved (the utilitarian requirement).

- ☐ True
☐ False

QUESTION 25

3 points

Save Answer

Identify the statement that is the best justification juries use to hold manufacturers strictly liable:

- ☐ The consumer who is injured by a product denied an equal opportunity to compete in the marketplace.

- ☐ Manufacturers are best able to pay for the damages caused by their products.
- ☐ Compensation returns the parties to equal standing and economic competition can continue as a result.
- ☐ The costs of strict liability make companies less able to research and produce safer products.

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