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Student: _____

1. In the opening profile, HP representative Patricia Geitl states, "Doing the right thing is not an obligation, but an option."

True False

2. In the opening profile, HP representative Patricia Geitl notes that while working with the U.S. public sector customer, HP employees need to be extra careful of the company's policies regarding gifts, gratuities, bribes, and kickbacks.

True False

3. It is more difficult for salespeople than it is for most other employees to know how to act because few sales situations are covered by laws.

True False

4. What is ethical can vary from country to country and from industry to industry.

True False

5. In the early days of selling, companies studied and copied the sales pitches of their most successful people, created canned sales pitches.

True False

6. In "The Importance of Ethics in the Supply Chain" Granite Construction representative Rick Carlisle states there are no gray areas regarding ethics because of the company's code of ethics.

True False

7. Bribes typically have no negative consequences for the purchasing agent's firm--only for the purchasing agent as an individual.

True False

8. A salesperson should only give a gift to a purchasing agent if that gift will foster a mutually beneficial, long-term relationship.

True False

9. "Building Trusts Builds Partnerships" cites research that indicates trust builds ethical behavior.

True False

10. Salespeople engage in backdoor selling only when they are about to get an order.

True False

11. It is easy to develop a reimbursement policy that prevents salespeople from cheating and yet allows them the flexibility to cover their territory and entertain customers.

True False

12. Since making the sale is ultimately the only thing that is important, you should refrain from criticizing your competitors' products.

True False

13. Society has determined that some activities are clearly unethical and has decided to use the legal system to prevent people from engaging in these activities.

True False

14. Common law grows out of court decisions, and precedents set by these decisions fill in the gaps where no laws exist.

True False

15. The Uniform Commercial Code (UCC) is the legal guide to commercial practice in the United Nations.

True False

16. When an item is shipped FOB (free on board) factory, the buyer assumes responsibility for any loss or damage during transportation.

True False

17. Factual statements, such as "It is easy to repair," or "Parts are readily available," may be construed as expressed warranties when the sale involves complex products being sold to unsophisticated buyers.

True False

18. Over time, common and administrative laws have defined the difference between misrepresentation and puffery.

True False

19. Tying agreements are legal when a company's reputation depends on the proper functioning of equipment. Thus, a buyer can be required to buy a service contract for equipment it purchases.

True False

20. The Robinson-Patman Act applies only to intrastate commerce.

True False

21. U.S. salespeople are subject to U.S. laws, regardless of the country they are selling in.

True False

22. In the opening profile HP representative Patricia Geitl argues, whether a firm conducts business ethically or not impacts:

A. coworkers.

B. customers.

C. partners.

D. family members.

E. all of the above

23. The opening profile about HP states that the two chief sources of sales liability when dealing with the Federal government are the _____ and the _____ which provide civil and potentially criminal penalties on contractors who engage in unethical sales behavior.

A. Defense Appropriations Act; Federal Reserve Act

B. False Statements Act; False Claims Act

C. Government Employees Ethics Act; Sales Incentive Discrimination Act

D. Federal Trade Act; Limited Liability Act

E. Proposal Responsibility Act; Foreign Corrupt Practices Act

24. Which of the following statements about ethics is true?

- A. Ethics do not change with time.
- B. There is no need for personal codes of ethics.
- C. Ethical principles establish appropriate behavior.
- D. What is ethical in the Middle East is also ethical in the United States.
- E. If an act is unethical, it is also illegal.

25. Which of the following statements accurately describes how ethics and legal principles impact selling?

- A. Partnerships between buyer and seller can develop even if either acts unethically or illegally.
- B. Ethical principles become less important as firms move to strategic partnerships.
- C. Legal principles guide market exchange relationships.
- D. Ethical behavior builds distrust.
- E. All of the above statements accurately describe how ethics and legal principles impact selling.

26. Which of the following factors is LEAST likely to influence the ethical behavior of salespeople?

- A. company policies
- B. social norms
- C. personal goals
- D. tax policies
- E. the legal system

27. Ryan really wants to make his monthly quota. He has only two sales calls scheduled for the last day of the month. Ethical selling principles suggest Ryan should attempt to _____ but not _____ his customers.

- A. overwhelm; lubricate
- B. cultivate; stimulate
- C. persuade; manipulate
- D. demonize; satisfy
- E. manipulate; persuade

28. A textbook publishing company advertises to college faculty, offering to pay several thousand dollars (much more than they typically pay for book reviews) if the professor will review the company's textbook. Before completing the contract agreement, the publisher asks if the professor will adopt the text for their classes while reviewing it for the publisher. When the professor decides to reject the arrangement, she is primarily influenced by:

- A. customer goals.
- B. university policy.
- C. state laws.
- D. personal code of ethics.
- E. social norms.

29. Larry, an inexperienced sales rep, has asked you to suggest ways to deal with potential ethical problems. What is your advice?

- A. It's only unethical if it is illegal.
- B. Do what the other sales reps do.
- C. Do whatever makes profits for your company.
- D. Perform whatever services your client requests.
- E. Develop and maintain a personal code of ethics.

30. When making a checklist for personal code of ethics to determine which behaviors he will engage in as a salesperson, Lew would likely ask himself all of the following EXCEPT:

- A. "Would I be embarrassed if a customer found out about my behavior?"
- B. "Would I be upset if a salesperson did this to me?"
- C. "Would my family think less of me if they knew I was engaged in this activity?"
- D. "Would I be upset if my activities were publicized in the local newspaper?"
- E. "Would society be better off if everyone engaged in this activity?"

31. Ivan sells customized computer software and hardware to small businesses. To make the sale to Newport Nursery, he has offered to give the owner a reduced price if she will buy today. He initially quoted her a price \$100 more than his company's list price; his bargain price is the list price. Ivan has:

- A. acted illegally.
- B. violated the Robinson-Patman Act.
- C. tried to use backdoor selling.
- D. used deception in trying to make a sale.
- E. acted within the typical salesperson's ethical boundaries.

32. Which of the following is the BEST example of a salesperson engaging in deliberate deception?

- A. The sales clerk at JCPenney told the woman, "That swimsuit makes you look 5 pounds thinner."
- B. The salesperson for the plant nursery offered to give the buyer an extra bush if he bought two dozen.
- C. The swimming pool salesperson neglected to tell the buyer that he would have to pay an additional \$2,000 to have the ground prepared for the bargain \$1,200 pool he just bought.
- D. The wholesale flower seller claimed that his flowers were so beautiful that they almost looked artificial.
- E. The computer salesperson offered the buyer a free one-year service contract for buying a computer during this month.

33. When Madison was selling bingo equipment to the American Legion officer, she admitted that other companies sold much more technologically advanced equipment than her company. She concluded by saying that her company produced some of the most durable equipment on the market today. Why would Madison make this statement about competitors' products?

- A. to increase her credibility as a salesperson
- B. to increase her commission
- C. to give the officer a chance to reconsider his purchase order
- D. to offset any unethical acts by her competition
- E. actually, there was no reason for Margaret to reveal any negative information about her company

34. The manager of the linen section of the department store, purchases towels from the Bona Fide Textile Company salesperson. If the salesperson gave him a payment of five percent of the total sale once the order was placed, it would be an example of a:

- A. thank-you gift.
- B. commission.
- C. payola.
- D. kickback.
- E. discount.

35. Which of the following is an example of a kickback?

- A. Barry slips the receptionist \$20 so he can get an interview with her boss.
- B. Lori buys the purchasing agent of Lincoln Electrical Company an extravagant lunch to cement their friendship.
- C. Payton shares industrial secrets with one of his competitors.
- D. Chantal pays a department store buyer 5 percent of all orders placed by the store.
- E. Andrew pays the government official \$200 to speed up the licensing process.

36. A purchasing agent taking a bribe can harm their firm if:

- A. the firm will have to return all unsold merchandise that was bought as the result of the bribe to its original seller.
- B. the buying firm will be more closely scrutinized by the Federal Trade Commission.
- C. the products bought on the basis of the bribe are of poor quality.
- D. the purchasing firm will have to rewrite its code of ethics.
- E. the purchasing agent's firm is not penalized.

37. In a successful partnering relationship, purchasing agents:

- A. enjoy receiving small gifts from their sales rep.
- B. should never refuse any gifts or offers from their sales rep.
- C. can ethically enjoy lavish gifts from their sales reps because of the long-term nature of the relationship.
- D. can ethically accept a free lunch from the salesperson.
- E. do all of the above

38. Research comparing the level of customer behavior and the level of gift given indicated:

- A. no relationship between the two.
- B. greater re-purchases from customers receiving the more expensive gift.
- C. reduced re-purchases from any customer who received a gift in response to pressure to be objective in purchasing decisions.
- D. any gift generated re-purchases.
- E. all of the above were found to be true

39. Which of the following would be the most ethically correct gift for a salesperson of fire equipment to give a purchasing agent?

- A. a detailed brass model of the first fire engine ever made
- B. an expensive bottle of Scotch
- C. a pen with the company's logo, address, and phone number imprinted on the side
- D. hard-to-get tickets to see the World Series
- E. a cordless telephone in the shape of a fire engine

40. Mimi is an inexperienced sales rep for an office supply company. She has asked your advice on giving gifts to office managers to whom she is trying to make a sale. You tell her to:

- A. check her motives before she gives any gift to an office manager.
- B. make sure that when she gives a gift the office manager knows that it comes with no strings attached.
- C. make sure gift-giving does not violate her company's code of ethics.
- D. never give an office manager the idea she is trying to buy his or her business.
- E. do any and all of the above

41. Assuming company policies do not prohibit gift giving, which of the following gifts would be most appropriate for a salesperson selling earthmoving equipment to give a potential retail customer?

- A. 100 free long-distance minutes
- B. a software program worth over \$300 that protects against computer viruses
- C. four Atlanta Braves baseball tickets and a parking pass
- D. a coffee mug with the company name, logo, and telephone number imprinted on it
- E. an autographed picture of the buyer's favorite sports figure

42. Dmitri is trying to establish a long-term relationship with the purchasing agent at Longwood Publishing, Inc. Over lunch, Dmitri told the agent that he accidentally saw a confidential memo on the CEO's desk that discussed the hostile takeover of Longwood's major competitor. What do you think of Dmitri's business behavior?

- A. If he hadn't divulged the information, it would have been a form of backdoor selling.
- B. He has successfully built trust by being honest and open.
- C. He has jeopardized his chances of ever building a long-term relationship with this agent.
- D. If he hadn't divulged the information, it would have been a form of deception.
- E. Divulging the information prevented him from accidentally creating an ethical dilemma.

43. Salespeople engage in _____ when they ignore a purchasing agent's (PA) policy against contacting other employees without the PA's permission, go around the PA's back, and contact other people involved in the purchasing decision directly.
- A. backdoor selling
 - B. expanded prospecting
 - C. sales prospecting
 - D. hustling
 - E. bypass selling
44. C. K. sells hospital supplies. When his company did not make the approved list of suppliers developed during a vendor analysis by a chain of nursing homes, he went against its purchasing department's policy and contacted nurses and orderlies directly to persuade them to try to get the purchasing department to place his company on its list of suppliers. C. K. engaged in:
- A. backdoor selling.
 - B. expanded prospecting.
 - C. sales prospecting.
 - D. a lateral attack.
 - E. bypass selling.
45. Which of the following is an example of backdoor selling?
- A. Marty gave the purchasing agent a box of Cuban cigars.
 - B. Andrea told the members of the buying center a decidedly dirty joke.
 - C. When the purchasing agent wouldn't see him Billy contacted the president of the company to try to sell his product.
 - D. When the purchasing agent wouldn't buy his product line, Kenneth offered a new set of seat covers made out of lamb's wool.
 - E. Barbara reported the purchasing agent for making lewd remarks about her figure.
46. Marvin is an inexperienced sales rep for a manufacturer of kitchen appliances. He is afraid he is misusing his expense account and has asked you to tell him how to use an expense account ethically. What do you tell him?
- A. The company expects you to fudge on some costs; just don't get caught.
 - B. The company pays you a low salary because it expects you to pad your expenses, and you would be foolish not to.
 - C. Don't worry about keeping records; make up some amounts that seem reasonable.
 - D. Use your expense account as if you were spending your own money.
 - E. Stay at the best hotels and eat at the best restaurants because you do not have to pay for it.

47. Which of the following would be LEAST likely to be an ethical problem area in the salesperson-company relationship?
- A. switching jobs
 - B. reporting work-time information
 - C. expense accounts
 - D. reporting sales activities
 - E. accurately making sales quotes to customers
48. When leaving the employment of one company and moving to another company, what is the ethical approach to leaving?
- A. Give the company ample notice so they can find your replacement.
 - B. Avoid saying anything in anger to anyone at the company that you feel may have done you an injustice.
 - C. Help your replacement learn about your territory and your customers.
 - D. Refrain from divulging confidential material about your old company to your new boss.
 - E. do all of the above
49. Sexual harassment involves:
- A. inappropriate physical contact.
 - B. sexual jokes.
 - C. requests for sexual favors.
 - D. unwelcome sexual advances.
 - E. any or all of the above
50. Claiborne used to work for a law office. He was forced to quit because one of the partners kept rubbing against him, telling him dirty jokes, and making it an environment in which he could not work. Claiborne experienced:
- A. a sexual innuendo.
 - B. intimate liberties.
 - C. workplace harassment.
 - D. sexual harassment.
 - E. sexual misconduct.
51. How can a salesperson protect him or herself from being sexually harassed by a customer?
- A. Make sure that she does not become too dependent on one single customer.
 - B. Plan to interpret any overt action that looks like friendship as harassment.
 - C. Be standoffish and do not create long-term relationships with customers.
 - D. Treat every sale as if it were a market exchange transaction.
 - E. There is nothing a salesperson can do to prevent sexual harassment.

52. Which of the following acts may be considered sexual harassment?

- A. Milton tells a pornographic joke to all the secretaries.
- B. Nora repeatedly comments on her co-worker's moral reputation.
- C. Sybil shows a set of obscene playing cards to her subordinates.
- D. Manning makes lewd comments to his secretary.
- E. All of the above may be considered sexual harassment.

53. Did Kim make a mistake when she told a potential customer that her competitor's products were flimsy and poorly made?

- A. Yes, if the Federal Trade Commission ever learns of her lack of discretion.
- B. No, because customers don't believe what salespeople tell them.
- C. Yes, if the potential customer had ever bought the competitor's products, it could be regarded as a criticism of their judgment.
- D. No, she was trying to make a sale.
- E. She shouldn't worry about it if that is part of her sales presentation.

54. _____ laws are established by local, state or federal regulatory agencies.

- A. Common
- B. Administrative
- C. Functional
- D. Executive
- E. Statutory

55. Statutory laws:

- A. include regulations developed by the Federal Trade Commission.
- B. grow out of court decisions.
- C. include regulations developed by the Better Business Bureau.
- D. are based on legislation passed either by state legislatures or by Congress.
- E. are established by local, state, and federal regulatory agencies.

56. The _____ is the most active regulatory agency in developing administrative laws affecting salespeople.

- A. U.S. Patent Office
- B. Federal Trade Commission
- C. Environmental Protection Agency
- D. Federal Communications Commission
- E. Food and Drug Administration

57. Common law:

- A. includes regulations developed by the Federal Trade Commission.
- B. grows out of court decisions.
- C. includes regulations developed by the Better Business Bureau.
- D. is based on legislation passed either by state legislatures or by Congress.
- E. is established by local, state, and federal regulatory agencies.

58. What is the source of all common law?

- A. court decisions
- B. the Uniform Commercial Code
- C. regulations written by federal regulatory agencies
- D. regulations written by the Better Business Bureau
- E. laws passed by Congress

59. The accounting of sales and costs of many new technology products has resulted in many ethical and legal controversies. Often, the use life of the new product is difficult to assess and therefore how to allocate sales and costs are debatable. A court decision provides guidelines to address these issues. The court decision is an example of:

- A. UCC codification.
- B. administrative law.
- C. common law.
- D. statutory law.
- E. all of the above

60. The UCC is the legal guide to commercial practices in the United States. The letters UCC are an acronym for:

- A. United Commercial Charter.
- B. Uniform Commercial Code.
- C. Universal Corporate Contract.
- D. United Corporate Centers.
- E. Uniform Consumer Contract.

61. Ed sells holiday decorations used by mall owners. When Ed promises his company will deliver Christmas elves by Thanksgiving, even if he doesn't put the promise in writing, Ed is acting as a(n):

- A. agent.
- B. merchant.
- C. reseller.
- D. factor.
- E. mediator.

62. The Uniform Commercial Code (UCC):

- A. contains statutory laws.
- B. contains administrative laws.
- C. is regulated by the Better Business Bureau.
- D. grew out of court decisions.
- E. is regulated by the Federal Trade Commission.

63. How does a sale differ from a contract to sell?

- A. Cash must change hands for a contract to sell to exist.
- B. The UCC defines a sale and a contract to sell as synonymous.
- C. A sale is made when the salesperson makes an offer and receives unqualified acceptance.
- D. The title must change hands for a contract to sell to exist.
- E. A contract to sell exists anytime a salesperson makes an offer and receives unqualified acceptance from the customer.

64. A sale is made:

- A. when the salesperson makes an offer.
- B. when the client accepts the offer and agrees to buy.
- C. before the title exchanges hands.
- D. when the contract is completed and the title exchanges hands.
- E. when the contract is signed.

65. According to the UCC, _____ is usually considered an invitation to negotiate.

- A. a sales presentation
- B. prospecting
- C. the gathering of competitive intelligence about competitors
- D. a cold call which does not result in a salesperson seeing anyone except the receptionist who gives him/her an appointment for later
- E. doing marketing research for a customer

66. The offer:

- A. takes place when the buyer accepts the contractual terms.
- B. specifically states what the seller promises to deliver and what is expected from the buyer.
- C. is the transfer of title to goods by the seller to the buyer for a consideration known as price.
- D. is usually considered an invitation to negotiate like a sales presentation.
- E. only takes place when money changes hands.

67. As a salesperson, your statements and actions can legally bind your company if you are acting in place of your company as it's authorized:

- A. wholesaler.
- B. mouthpiece.
- C. channel leader.
- D. intermediary.
- E. agent.

68. Orders become contracts to sell when:

- A. the salesperson quotes the specific terms involved in the purchase.
- B. goods are transferred from the seller to the buyer for a consideration known as price.
- C. they are signed by an authorized representative of the salesperson's company.
- D. money changes hands.
- E. the title for the product is exchanged.

69. When Raleigh sold the automated sprinkler system to the construction company, he specified in the contract that the system was to be shipped FOB destination. According to the UCC, this means:

- A. the buyer has title to the system as soon as it leaves the seller's loading dock.
- B. the seller guarantees that the system will work as advertised if it is installed correctly.
- C. the buyer has the right to refuse payment for the system if it arrives after the promised due date.
- D. the seller has title until the system is received at the construction site.
- E. the delivery company has title to the system until a representative of the construction company signs a receipt.

70. If the terms of the contract specify FOB (free on board) destination, then:

- A. the seller has title until the goods are received at the destination.
- B. the buyer is responsible for any loss during transportation.
- C. the buyer assumes the responsibility and risk for the merchandise as soon it leaves the factory.
- D. the seller does not expect payment for the merchandise until it reaches its destination.
- E. the goods are being sold on consignment.

71. When James sold the protective window bars for the nursing home complex, he specified in the contract that the bars would be shipped FOB factory. According to the UCC, this means that:

- A. the bars will not leave the manufacturer until payment had been received in full.
- B. the seller has full title to the bars until the nursing home director receives them.
- C. the buyer assumes responsibility, cost, and risk for shipping of the bars.
- D. the seller does not expect payment for the bars until they are installed.
- E. the delivering company assumes title for the bars while they are in transit.

72. If the terms of the contract specify FOB (free on board) factory, then:

- A. the seller has title until the goods are received at the destination.
- B. the seller is responsible for any loss during transportation.
- C. the buyer assumes the responsibility and risk for the merchandise as soon it leaves the factory.
- D. the seller does not expect payment for the merchandise until it reaches its destination.
- E. the goods are being sold on consignment.

73. When the purchasing agent bought an order of sheet aluminum (used to make cans) from a new supplier, the salesperson stated he could deliver on a week's notice, but when the agent placed his first order, he was told that he could expect to receive it in about six weeks. The person salesperson had violated the _____ that the salesperson had made.

- A. codified warranty
- B. impressed guarantee
- C. implied warranty
- D. expressed warranty
- E. vocalized guarantee

74. A(n) _____ is an oral or written statement by the seller about how a product will perform.

- A. codified warranty
- B. impressed guarantee
- C. implied warranty
- D. expressed warranty
- E. vocalized guarantee

75. A(n) _____ is not actually stated but is still an obligation defined by law.

- A. codified warranty
- B. impressed guarantee
- C. implied warranty
- D. expressed warranty
- E. vocalized guarantee

76. Kevin purchased a lawn mower with blades so dull that it would not cut his grass. Due to the existence of _____ warranties, Kevin can return the mower and expect to receive a replacement that will cut grass.

- A. communicated
- B. applied
- C. functional
- D. implied
- E. codified

77. When Rosita purchased her new bread making machine, she expected the machine to turn itself off once the bread was cooked. Her new bread maker has burned the last three loaves she tried to make because she forgets that it must be turned off manually. Since the sales clerk emphasized how easy the machine was to use, Rosita has decided that the machine does not live up to its _____ warranty.

- A. expressed
- B. codified
- C. common
- D. communicated
- E. applied

78. When Murray purchased the new drink machine for the employee snack room, he was frustrated to learn it would not keep drinks cold. Under a(n) _____, he could demand the seller replace the non-functioning machine with one that would cool.

- A. codified warranty
- B. impressed guarantee
- C. implied warranty
- D. expressed warranty
- E. vocalized guarantee

79. If the salesperson for a paint manufacturer promised the purchasing agent for a large chain of home repair stores that a certain brand of paint was mildew-resistant (when it was not), the salesperson:

- A. should be liable for prosecution under the regulations of the Federal Trade Commission.
- B. should be fired because he had violated the company's code of ethics.
- C. should have given further credibility to the statement, "Let the buyer beware."
- D. violated an administrative law.
- E. created an expressed warranty.

80. Robin is selling a local area network system to a company that oversees the renovation of dingy, old downtown districts into attractive, shopping areas. The buyer is practically computer illiterate, but she realizes that computers will make her more efficient once she learns to use them. Which of the following statements by the seller might be construed as an expressed warranty?

- A. Maintain a hardcopy of every memo that you try to send until you are comfortable with the system.
- B. Don't worry if it breaks down; our service people will be able to get it running again quickly.
- C. Be sure to ask your employees to attend the training session.
- D. Please read the instruction manual before you try to use the system.
- E. None of the above could ever be considered to be an expressed warranty.

81. When the department store clerk tells Hilda that the coffee brewed by one particular coffee maker will make her think she's died and gone to Starbucks heaven, the clerk was using:
- A. puffery.
 - B. a spiff.
 - C. reciprocity.
 - D. sales misrepresentation.
 - E. collusion.
82. In Canada, where puffery is more closely monitored than in the United States, a salesperson who told a customer a oven for cooking meats would tenderize meat better than any other smoker on the market might be guilty of violating the:
- A. law of misrepresentation.
 - B. competitive comparison laws.
 - C. Canadian credibility law.
 - D. Caveat Emptor law.
 - E. credulous person standard.
83. To avoid legal and ethical problems when selling a computer-assisted design system to an architectural firm, the salesperson should:
- A. educate the customer thoroughly about the system before concluding the sale.
 - B. avoid offering an opinion about how the product will specifically benefit the firm.
 - C. tell the customer as much as possible about how to operate the new system.
 - D. tell the customer that he will find out the answer and call if he is asked a question he cannot answer.
 - E. do all of the above to avoid any claims of misrepresentation.
84. _____ occurs when salespeople make unfair or untrue statements to customers about a competitor, its products or its salespeople.
- A. Collusion
 - B. Business defamation
 - C. Puffery
 - D. Misrepresentation
 - E. Deception
85. _____ is a special relationship in which two companies agree to buy products from each other.
- A. Disbursement
 - B. Reciprocity
 - C. Diversification
 - D. Indemnification
 - E. Remuneration

86. Which of the following is an example of reciprocity?

- A. Kennedy reveals a competitor's secret formula for a plastic hardening compound.
- B. Larry's Uniform Company agrees to buy Harry's landscaping services if Harry will rent its uniforms from Larry.
- C. When the purchasing agent won't see Otto, he bribes the receptionist to get him an appointment with the company's CEO.
- D. In order to carry a line of profitable wind chimes, Scott's Hardware Store also has to carry a less profitable line of hose nozzles made by the same company.
- E. A group of kaolin (used in the whitening of paper) manufacturers agree to a price freeze.

87. When is reciprocity legal?

- A. when the sale involves products that will never reach the ultimate consumer
- B. when the products involved are both in the decline stage of their product life cycle
- C. when both parties consent to the agreement willingly
- D. when the sale is made between two resellers
- E. it is never legal

88. In a _____, a buyer is required to purchase one product in order to be able to purchase another product.

- A. tying agreement
- B. countertrade agreement
- C. buyer entitlement
- D. product disbursement agreement
- E. reciprocal agreement

89. Which of the following is an example of a tying contract?

- A. Jon refuses to buy office supplies from any one but Bridget.
- B. In order to carry a highly successful organic cleaning compound, Nature's Survival Store has to carry a much less successful line of laundry detergent made by the same company.
- C. Traveler's Rest, a travel agency, agrees to buy its insurance need from the Nathan Dean Insurance Agency if the agency agrees to let Traveler's Rest handle the owners' travel plans.
- D. A paper supply company agrees to give Harridan Industries a free case of paper towels for every dozen cases it purchases.
- E. A salesperson tells a contractor that its paint is mildew-resistant when this is untrue.

90. If the tin manufacturers in Bolivia got together and set an arbitrary price for the various grades of ores they sell before contacting a buyer, it would be described as:

- A. business defamation.
- B. a contrivance.
- C. price discrimination.
- D. collusion.
- E. a conspiracy.

91. Three companies have been selected as potential suppliers for temporary office help for an organization's headquarters office. After the negotiations began, representatives of two of the firms met and developed a scheme, which will eliminate the third from the competition. This is an example of:

- A. business defamation.
- B. a contrivance.
- C. price discrimination.
- D. collusion.
- E. a conspiracy.

92. If uniform rental companies agreed that neither would charge less than \$5 per week per uniform even before the newly opened chicken plant contacted them for uniform bids, it would be an example of:

- A. business defamation.
- B. a contrivance.
- C. price discrimination.
- D. collusion.
- E. a conspiracy.

93. _____ refers to competitors working together while the customer is making a purchase decision.

- A. Defamation
- B. A tying contract
- C. Resale price maintenance
- D. Reciprocity
- E. Collusion

94. When a perfume manufacturer establishes a minimum price below which a retailer may not sell its perfume, the manufacturer is engaged in:

- A. a tying contract.
- B. resale price maintenance.
- C. price discrimination.
- D. collusion.
- E. reciprocity.

95. If the manufacturer of Kingston freestanding greenhouses were to give \$10 to the salespeople who worked at retailers of Kingston greenhouses for each greenhouse they sold during the month of May, these special incentives would be called:

- A. pull money.
- B. a sale lifter.
- C. a perquisite.
- D. a spiff.
- E. a straight commission.

96. Court decisions related to the Robinson-Patman Act define _____ as a seller giving unjustified special prices, discounts, or services to some customers and not to others.

- A. reciprocity
- B. a spiff
- C. price discrimination
- D. a tying contract
- E. business deception

97. The _____ Act requires written notification to customers regarding privacy policies.

- A. Robinson-Patman
- B. Gramm-Leach-Bliley
- C. Sarbanes-Oxley
- D. FOB notification
- E. Federal-Do-Not-Call-Registry

98. To speed up the opening of a new factory in a Middle Eastern country, Micah gave the local government official's assistant a pen and pencil set that Micah had purchased for \$10. Micah hoped this gift would remove some of the red tape that was slowing down the building process. This type of gift is referred to as:

- A. collusion.
- B. subordination.
- C. capitulation.
- D. indemnification.
- E. lubrication.

99. _____ involves paying large sums of money to higher-ranking officials to get them to do something illegal or to ignore an illegal act.

- A. Collusion
- B. Subordination
- C. Capitulation
- D. Indemnification
- E. Lubrication

100. A small appliance manufacturer trying to build a factory in one of the Mexican states offered the governor of the state a bribe of \$12,000 to waive certain environmental regulations for the manufacturing concern. This is an example of:

- A. collusion.
- B. subordination.
- C. capitulation.
- D. indemnification.
- E. lubrication.

101. Which of the following statements about U.S. salespeople who sell to international customers is true?

- A. U.S. salespeople are subject only to the laws in the country in which they are selling.
- B. U.S. salespeople are not allowed to make any lubrication payments.
- C. U.S. salespeople are prohibited from engaging in activities that would adversely affect the U.S. economy.
- D. U.S. salespeople are expected to participate in all boycotts.
- E. None of the above statements about how U.S. salespeople should operate when selling to international customers is true.

102. _____ is the view that no culture's ethics are superior to any other culture's ethics.

- A. Ethical imperialism
- B. Ethical ombudsmen
- C. Ethical solidarity
- D. Cultural relativism
- E. Cultural solidarity

103. When Venezuelan growers of fresh flowers sold their product in U.S. markets for less money than it cost to raise the flowers they were trying to put the U.S. growers out of business. Since this practice, called dumping, was perfectly ethical from the viewpoint of the Venezuelans, one can assume that its citizens would accept a policy of:

- A. ethical imperialism.
- B. ethical ombudsmen.
- C. ethical solidarity.
- D. cultural relativism.
- E. cultural solidarity.

104. _____ is the view that ethical standards in one's home country should be applied to one's behavior across the world.

- A. Ethical imperialism
- B. Ethical ombudsmen
- C. Ethical solidarity
- D. Cultural relativism
- E. Cultural solidarity

105. The Foreign Corrupt Practices Act:

- A. makes it illegal to trade with a country that engaged in illegal activities.
- B. supports a feeling of cultural relativism.
- C. makes bribery legal in those countries that have laws that define legal bribery activities.
- D. makes it illegal for a U.S. company to use price discrimination in international marketing.
- E. supports ethical imperialistic view when it comes to bribery.

106. In the opening profile salesperson Patricia Geitl states HP personnel take annual training courses in "Standards of Business Conduct." What sales ethics topics are likely covered in this course?

107. There are seven factors that directly impact an individual's personal code of ethics. List six of them and give an example of how each would directly impact a salesperson's ethical system.

108. Jackson sells refrigeration units to hospitals, laboratories, and clinics. He really wants to make a sale to a group of hospitals all working under the Emory name. He believes that if he gives the purchasing agent for the hospitals an especially great gift, he will be more than likely to get the order. What advice would you give him?

109. Imagine you have a computer job with Hughes Hospital Supply, and you get a job offer from IBM. What would be the ethical way to move from your job at Hughes to your new position with IBM?

110. Define sexual harassment.

111. You have just filled up your car with gasoline. Give an example of an expressed and an implied warranty that might have accompanied your purchase.

112. When are spiffs legal?

113. Distinguish between cultural relativism and ethical imperialism.

114. What is the difference between a bribe and a kickback?

115. What is the term used for describing a situation in which a medical supplies salesperson contacts the hospital's chief surgeon, who is an integral part in making the purchase decision rather than go through the hospital's purchasing office?

116. Anita Landry is quitting her job, and she wants to tell her sales supervisor what a bumbling fool he is and explains to him in great detail why he couldn't supervise a dirty diaper. How might such a confrontation adversely affect Landry's future?

117. There is a lewd joke posted in the restroom where Lee works. He finds the joke offensive and wants to know if there is any way to make his boss remove it and forbid other such jokes from being posted. What advice do you give him?

118. How does the Uniform Commercial Code (UCC) define a sales presentation?

119. As a salesperson, your statements and actions can legally bind your company and have significant financial impact. This suggests salespeople act in what capacity for their company?

120. What is the difference between a sales presentation and a sales quote?

121. If the terms of contract specify free on board (FOB) destination, which is responsible if any damage occurs while the item purchased is being transported?
122. What kind of warranty would specify that an order of small appliances will arrive at a retailer's with directions for operation?
123. If a business owner stated, "The dogs that stay in our kennels cry when they have to go back home," he or she is engaging in what type of activity?
124. What is happening when a retailer is forced by its supplier to stock several unknown country and western recordings if it wants to have an adequate stock of the new Carrie Underwood CD?
125. When a salesperson makes unfair or untrue statements to customers about a competitor, its products, or its salespeople, what can they be accused of?

126. What is the credulous person standard?

127. What is the name for a special relationship in which two companies agree to buy products from each other?

128. Briefly describe the purpose of the Robinson-Patman Act.

129. What is the difference between a conspiracy and collusion?

130. What are incentives offered to retail salespeople by manufacturers called?

131. What does the Gramm-Leach-Bliley Act attempt to protect?

132. What is the term for a large sum of money paid to government officials to get them to do something that is illegal or to ignore an illegal act?

133. When applied to business ethics, what does the statement, "when in Rome, do as the Romans do" suggest?

134. What is the name of the law that makes it illegal for U.S. companies to pay bribes to foreign officials?

c2 Key

1. (p. 32) In the opening profile, HP representative Patricia Geitl states, "Doing the right thing is not an obligation, but an option."

FALSE

Castleberry - Chapter 02 #1
Difficulty: Hard

2. (p. 32) In the opening profile, HP representative Patricia Geitl notes that while working with the U.S. public sector customer, HP employees need to be extra careful of the company's policies regarding gifts, gratuities, bribes, and kickbacks.

TRUE

Castleberry - Chapter 02 #2
Difficulty: Hard

3. (p. 33) It is more difficult for salespeople than it is for most other employees to know how to act because few sales situations are covered by laws.

TRUE

Castleberry - Chapter 02 #3
Difficulty: Medium

4. (p. 33) What is ethical can vary from country to country and from industry to industry.

TRUE

Castleberry - Chapter 02 #4
Difficulty: Medium

5. (p. 34) In the early days of selling, companies studied and copied the sales pitches of their most successful people, created canned sales pitches.

TRUE

Castleberry - Chapter 02 #5
Difficulty: Easy

6. (p. 35) In "The Importance of Ethics in the Supply Chain" Granite Construction representative Rick Carlyse states there are no gray areas regarding ethics because of the company's code of ethics.

TRUE

Castleberry - Chapter 02 #6
Difficulty: Hard

7. (p. 41) Bribes typically have no negative consequences for the purchasing agent's firm--only for the purchasing agent as an individual.

FALSE

Castleberry - Chapter 02 #7
Difficulty: Medium

8. (p. 41) A salesperson should only give a gift to a purchasing agent if that gift will foster a mutually beneficial, long-term relationship.

TRUE

Castleberry - Chapter 02 #8
Difficulty: Medium

9. (p. 42) "Building Trusts Builds Partnerships" cites research that indicates trust builds ethical behavior.

FALSE

Castleberry - Chapter 02 #9
Difficulty: Hard

10. (p. 44) Salespeople engage in backdoor selling only when they are about to get an order.

FALSE

Castleberry - Chapter 02 #10
Difficulty: Easy

11. (p. 45) It is easy to develop a reimbursement policy that prevents salespeople from cheating and yet allows them the flexibility to cover their territory and entertain customers.

FALSE

Castleberry - Chapter 02 #11
Difficulty: Medium

12. (p. 48) Since making the sale is ultimately the only thing that is important, you should refrain from criticizing your competitors' products.

FALSE

Castleberry - Chapter 02 #12
Difficulty: Medium

13. (p. 48) Society has determined that some activities are clearly unethical and has decided to use the legal system to prevent people from engaging in these activities.

TRUE

Castleberry - Chapter 02 #13
Difficulty: Medium

14. (p. 48) Common law grows out of court decisions, and precedents set by these decisions fill in the gaps where no laws exist.

TRUE

Castleberry - Chapter 02 #14
Difficulty: Medium

15. (p. 48) The Uniform Commercial Code (UCC) is the legal guide to commercial practice in the United Nations.

FALSE

Castleberry - Chapter 02 #15
Difficulty: Medium

16. (p. 48) When an item is shipped FOB (free on board) factory, the buyer assumes responsibility for any loss or damage during transportation.

TRUE

Castleberry - Chapter 02 #16
Difficulty: Easy

17. (p. 50) Factual statements, such as "It is easy to repair," or "Parts are readily available," may be construed as expressed warranties when the sale involves complex products being sold to unsophisticated buyers.

TRUE

Castleberry - Chapter 02 #17
Difficulty: Medium

18. (p. 50) Over time, common and administrative laws have defined the difference between misrepresentation and puffery.

TRUE

Castleberry - Chapter 02 #18
Difficulty: Medium

19. (p. 52) Tying agreements are legal when a company's reputation depends on the proper functioning of equipment. Thus, a buyer can be required to buy a service contract for equipment it purchases.

TRUE

Castleberry - Chapter 02 #19
Difficulty: Easy

20. (p. 53) The Robinson-Patman Act applies only to intrastate commerce.

FALSE

Castleberry - Chapter 02 #20
Difficulty: Medium

21. (p. 56) U.S. salespeople are subject to U.S. laws, regardless of the country they are selling in.

TRUE

Castleberry - Chapter 02 #21
Difficulty: Easy

22. (p. 32) In the opening profile HP representative Patricia Geitl argues, whether a firm conducts business ethically or not impacts:

- A. coworkers.
- B. customers.
- C. partners.
- D. family members.
- E.** all of the above

Castleberry - Chapter 02 #22
Difficulty: Hard

23. (p. 32) The opening profile about HP states that the two chief sources of sales liability when dealing with the Federal government are the _____ and the _____ which provide civil and potentially criminal penalties on contractors who engage in unethical sales behavior.
- A. Defense Appropriations Act; Federal Reserve Act
 - B. False Statements Act; False Claims Act**
 - C. Government Employees Ethics Act; Sales Incentive Discrimination Act
 - D. Federal Trade Act; Limited Liability Act
 - E. Proposal Responsibility Act; Foreign Corrupt Practices Act

Castleberry - Chapter 02 #23
Difficulty: Hard

24. (p. 33) Which of the following statements about ethics is true?
- A. Ethics do not change with time.
 - B. There is no need for personal codes of ethics.
 - C. Ethical principles establish appropriate behavior.**
 - D. What is ethical in the Middle East is also ethical in the United States.
 - E. If an act is unethical, it is also illegal.

Castleberry - Chapter 02 #24
Difficulty: Easy

25. (p. 33) Which of the following statements accurately describes how ethics and legal principles impact selling?
- A. Partnerships between buyer and seller can develop even if either acts unethically or illegally.
 - B. Ethical principles become less important as firms move to strategic partnerships.
 - C. Legal principles guide market exchange relationships.**
 - D. Ethical behavior builds distrust.
 - E. All of the above statements accurately describe how ethics and legal principles impact selling.

Castleberry - Chapter 02 #25
Difficulty: Medium

26. (p. 34) Which of the following factors is LEAST likely to influence the ethical behavior of salespeople?
- A. company policies
 - B. social norms
 - C. personal goals
 - D. tax policies**
 - E. the legal system

Castleberry - Chapter 02 #26
Difficulty: Medium

27. (p. 36) Ryan really wants to make his monthly quota. He has only two sales calls scheduled for the last day of the month. Ethical selling principles suggest Ryan should attempt to _____ but not _____ his customers.

- A. overwhelm; lubricate
- B. cultivate; stimulate
- C.** persuade; manipulate
- D. demonize; satisfy
- E. manipulate; persuade

Castleberry - Chapter 02 #27
Difficulty: Medium

28. (p. 39) A textbook publishing company advertises to college faculty, offering to pay several thousand dollars (much more than they typically pay for book reviews) if the professor will review the company's textbook. Before completing the contract agreement, the publisher asks if the professor will adopt the text for their classes while reviewing it for the publisher. When the professor decides to reject the arrangement, she is primarily influenced by:

- A. customer goals.
- B. university policy.
- C. state laws.
- D.** personal code of ethics.
- E. social norms.

Castleberry - Chapter 02 #28
Difficulty: Medium

29. (p. 39) Larry, an inexperienced sales rep, has asked you to suggest ways to deal with potential ethical problems. What is your advice?

- A. It's only unethical if it is illegal.
- B. Do what the other sales reps do.
- C. Do whatever makes profits for your company.
- D. Perform whatever services your client requests.
- E.** Develop and maintain a personal code of ethics.

Castleberry - Chapter 02 #29
Difficulty: Medium

30. (p. 39) When making a checklist for personal code of ethics to determine which behaviors he will engage in as a salesperson, Lew would likely ask himself all of the following EXCEPT:

- A. "Would I be embarrassed if a customer found out about my behavior?"
- B. "Would I be upset if a salesperson did this to me?"
- C. "Would my family think less of me if they knew I was engaged in this activity?"
- D. "Would I be upset if my activities were publicized in the local newspaper?"
- E.** "Would society be better off if everyone engaged in this activity?"

Castleberry - Chapter 02 #30
Difficulty: Easy

31. (p. 41) Ivan sells customized computer software and hardware to small businesses. To make the sale to Newport Nursery, he has offered to give the owner a reduced price if she will buy today. He initially quoted her a price \$100 more than his company's list price; his bargain price is the list price. Ivan has:

- A. acted illegally.
- B. violated the Robinson-Patman Act.
- C. tried to use backdoor selling.
- D.** used deception in trying to make a sale.
- E. acted within the typical salesperson's ethical boundaries.

Castleberry - Chapter 02 #31
Difficulty: Easy

32. (p. 41) Which of the following is the BEST example of a salesperson engaging in deliberate deception?

- A. The sales clerk at JCPenney told the woman, "That swimsuit makes you look 5 pounds thinner."
- B. The salesperson for the plant nursery offered to give the buyer an extra bush if he bought two dozen.
- C.** The swimming pool salesperson neglected to tell the buyer that he would have to pay an additional \$2,000 to have the ground prepared for the bargain \$1,200 pool he just bought.
- D. The wholesale flower seller claimed that his flowers were so beautiful that they almost looked artificial.
- E. The computer salesperson offered the buyer a free one-year service contract for buying a computer during this month.

Castleberry - Chapter 02 #32
Difficulty: Hard

33. (p. 41) When Madison was selling bingo equipment to the American Legion officer, she admitted that other companies sold much more technologically advanced equipment than her company. She concluded by saying that her company produced some of the most durable equipment on the market today. Why would Madison make this statement about competitors' products?

- A.** to increase her credibility as a salesperson
- B. to increase her commission
- C. to give the officer a chance to reconsider his purchase order
- D. to offset any unethical acts by her competition
- E. actually, there was no reason for Margaret to reveal any negative information about her company

Castleberry - Chapter 02 #33
Difficulty: Medium

34. (p. 41) The manager of the linen section of the department store, purchases towels from the Bona Fide Textile Company salesperson. If the salesperson gave him a payment of five percent of the total sale once the order was placed, it would be an example of a:

- A. thank-you gift.
- B. commission.
- C. payola.
- D.** kickback.
- E. discount.

Castleberry - Chapter 02 #34
Difficulty: Medium

35. (p. 41) Which of the following is an example of a kickback?

- A. Barry slips the receptionist \$20 so he can get an interview with her boss.
- B. Lori buys the purchasing agent of Lincoln Electrical Company an extravagant lunch to cement their friendship.
- C. Payton shares industrial secrets with one of his competitors.
- D.** Chantal pays a department store buyer 5 percent of all orders placed by the store.
- E. Andrew pays the government official \$200 to speed up the licensing process.

Castleberry - Chapter 02 #35
Difficulty: Medium

36. (p. 41) A purchasing agent taking a bribe can harm their firm if:

- A. the firm will have to return all unsold merchandise that was bought as the result of the bribe to its original seller.
- B. the buying firm will be more closely scrutinized by the Federal Trade Commission.
- C.** the products bought on the basis of the bribe are of poor quality.
- D. the purchasing firm will have to rewrite its code of ethics.
- E. the purchasing agent's firm is not penalized.

Castleberry - Chapter 02 #36
Difficulty: Medium

37. (p. 14) In a successful partnering relationship, purchasing agents:

- A. enjoy receiving small gifts from their sales rep.
- B. should never refuse any gifts or offers from their sales rep.
- C. can ethically enjoy lavish gifts from their sales reps because of the long-term nature of the relationship.
- D.** can ethically accept a free lunch from the salesperson.
- E. do all of the above

Castleberry - Chapter 02 #37
Difficulty: Hard

38. (p. 42) Research comparing the level of customer behavior and the level of gift given indicated:

- A. no relationship between the two.
- B.** greater re-purchases from customers receiving the more expensive gift.
- C. reduced re-purchases from any customer who received a gift in response to pressure to be objective in purchasing decisions.
- D. any gift generated re-purchases.
- E. all of the above were found to be true

Castleberry - Chapter 02 #38
Difficulty: Medium

39. (p. 43) Which of the following would be the most ethically correct gift for a salesperson of fire equipment to give a purchasing agent?

- A. a detailed brass model of the first fire engine ever made
- B. an expensive bottle of Scotch
- C.** a pen with the company's logo, address, and phone number imprinted on the side
- D. hard-to-get tickets to see the World Series
- E. a cordless telephone in the shape of a fire engine

Castleberry - Chapter 02 #39
Difficulty: Easy

40. (p. 43) Mimi is an inexperienced sales rep for an office supply company. She has asked your advice on giving gifts to office managers to whom she is trying to make a sale. You tell her to:

- A. check her motives before she gives any gift to an office manager.
- B.** make sure that when she gives a gift the office manager knows that it comes with no strings attached.
- C. make sure gift-giving does not violate her company's code of ethics.
- D. never give an office manager the idea she is trying to buy his or her business.
- E. do any and all of the above

Castleberry - Chapter 02 #40
Difficulty: Medium

41. (p. 43) Assuming company policies do not prohibit gift giving, which of the following gifts would be most appropriate for a salesperson selling earthmoving equipment to give a potential retail customer?

- A. 100 free long-distance minutes
- B. a software program worth over \$300 that protects against computer viruses
- C. four Atlanta Braves baseball tickets and a parking pass
- D.** a coffee mug with the company name, logo, and telephone number imprinted on it
- E. an autographed picture of the buyer's favorite sports figure

Castleberry - Chapter 02 #41
Difficulty: Easy

42. (p. 43) Dmitri is trying to establish a long-term relationship with the purchasing agent at Longwood Publishing, Inc. Over lunch, Dmitri told the agent that he accidentally saw a confidential memo on the CEO's desk that discussed the hostile takeover of Longwood's major competitor. What do you think of Dmitri's business behavior?

- A. If he hadn't divulged the information, it would have been a form of backdoor selling.
- B. He has successfully built trust by being honest and open.
- C.** He has jeopardized his chances of ever building a long-term relationship with this agent.
- D. If he hadn't divulged the information, it would have been a form of deception.
- E. Divulging the information prevented him from accidentally creating an ethical dilemma.

Castleberry - Chapter 02 #42
Difficulty: Medium

43. (p. 44) Salespeople engage in _____ when they ignore a purchasing agent's (PA) policy against contacting other employees without the PA's permission, go around the PA's back, and contact other people involved in the purchasing decision directly.

- A.** backdoor selling
- B. expanded prospecting
- C. sales prospecting
- D. hustling
- E. bypass selling

Castleberry - Chapter 02 #43
Difficulty: Easy

44. (p. 44) C. K. sells hospital supplies. When his company did not make the approved list of suppliers developed during a vendor analysis by a chain of nursing homes, he went against its purchasing department's policy and contacted nurses and orderlies directly to persuade them to try to get the purchasing department to place his company on its list of suppliers. C. K. engaged in:

- A.** backdoor selling.
- B. expanded prospecting.
- C. sales prospecting.
- D. a lateral attack.
- E. bypass selling.

Castleberry - Chapter 02 #44
Difficulty: Medium

45. (p. 44) Which of the following is an example of backdoor selling?

- A. Marty gave the purchasing agent a box of Cuban cigars.
- B. Andrea told the members of the buying center a decidedly dirty joke.
- C.** When the purchasing agent wouldn't see him Billy contacted the president of the company to try to sell his product.
- D. When the purchasing agent wouldn't buy his product line, Kenneth offered a new set of seat covers made out of lamb's wool.
- E. Barbara reported the purchasing agent for making lewd remarks about her figure.

Castleberry - Chapter 02 #45
Difficulty: Easy

46. (p. 45) Marvin is an inexperienced sales rep for a manufacturer of kitchen appliances. He is afraid he is misusing his expense account and has asked you to tell him how to use an expense account ethically. What do you tell him?
- A. The company expects you to fudge on some costs; just don't get caught.
 - B. The company pays you a low salary because it expects you to pad your expenses, and you would be foolish not to.
 - C. Don't worry about keeping records; make up some amounts that seem reasonable.
 - D.** Use your expense account as if you were spending your own money.
 - E. Stay at the best hotels and eat at the best restaurants because you do not have to pay for it.

Castleberry - Chapter 02 #46
Difficulty: Medium

47. (p. 44-45) Which of the following would be LEAST likely to be an ethical problem area in the salesperson-company relationship?
- A. switching jobs
 - B. reporting work-time information
 - C. expense accounts
 - D. reporting sales activities
 - E.** accurately making sales quotes to customers

Castleberry - Chapter 02 #47
Difficulty: Easy

48. (p. 46) When leaving the employment of one company and moving to another company, what is the ethical approach to leaving?
- A. Give the company ample notice so they can find your replacement.
 - B. Avoid saying anything in anger to anyone at the company that you feel may have done you an injustice.
 - C. Help your replacement learn about your territory and your customers.
 - D. Refrain from divulging confidential material about your old company to your new boss.
 - E.** do all of the above

Castleberry - Chapter 02 #48
Difficulty: Medium

49. (p. 47) Sexual harassment involves:
- A. inappropriate physical contact.
 - B. sexual jokes.
 - C. requests for sexual favors.
 - D. unwelcome sexual advances.
 - E.** any or all of the above

Castleberry - Chapter 02 #49
Difficulty: Easy

50. (p. 47) Claiborne used to work for a law office. He was forced to quit because one of the partners kept rubbing against him, telling him dirty jokes, and making it an environment in which he could not work. Claiborne experienced:

- A. a sexual innuendo.
- B. intimate liberties.
- C. workplace harassment.
- D.** sexual harassment.
- E. sexual misconduct.

Castleberry - Chapter 02 #50
Difficulty: Medium

51. (p. 47) How can a salesperson protect him or herself from being sexually harassed by a customer?

- A.** Make sure that she does not become too dependent on one single customer.
- B. Plan to interpret any overt action that looks like friendship as harassment.
- C. Be standoffish and do not create long-term relationships with customers.
- D. Treat every sale as if it were a market exchange transaction.
- E. There is nothing a salesperson can do to prevent sexual harassment.

Castleberry - Chapter 02 #51
Difficulty: Medium

52. (p. 47) Which of the following acts may be considered sexual harassment?

- A. Milton tells a pornographic joke to all the secretaries.
- B. Nora repeatedly comments on her co-worker's moral reputation.
- C. Sybil shows a set of obscene playing cards to her subordinates.
- D. Manning makes lewd comments to his secretary.
- E.** All of the above may be considered sexual harassment.

Castleberry - Chapter 02 #52
Difficulty: Medium

53. (p. 48) Did Kim make a mistake when she told a potential customer that her competitor's products were flimsy and poorly made?

- A. Yes, if the Federal Trade Commission ever learns of her lack of discretion.
- B. No, because customers don't believe what salespeople tell them.
- C.** Yes, if the potential customer had ever bought the competitor's products, it could be regarded as a criticism of their judgment.
- D. No, she was trying to make a sale.
- E. She shouldn't worry about it if that is part of her sales presentation.

Castleberry - Chapter 02 #53
Difficulty: Hard

54. (p. 48) _____ laws are established by local, state or federal regulatory agencies.

- A. Common
- B. Administrative**
- C. Functional
- D. Executive
- E. Statutory

Castleberry - Chapter 02 #54
Difficulty: Easy

55. (p. 48) Statutory laws:

- A. include regulations developed by the Federal Trade Commission.
- B. grow out of court decisions.
- C. include regulations developed by the Better Business Bureau.
- D. are based on legislation passed either by state legislatures or by Congress.**
- E. are established by local, state, and federal regulatory agencies.

Castleberry - Chapter 02 #55
Difficulty: Medium

56. (p. 48) The _____ is the most active regulatory agency in developing administrative laws affecting salespeople.

- A. U.S. Patent Office
- B. Federal Trade Commission**
- C. Environmental Protection Agency
- D. Federal Communications Commission
- E. Food and Drug Administration

Castleberry - Chapter 02 #56
Difficulty: Easy

57. (p. 48) Common law:

- A. includes regulations developed by the Federal Trade Commission.
- B. grows out of court decisions.**
- C. includes regulations developed by the Better Business Bureau.
- D. is based on legislation passed either by state legislatures or by Congress.
- E. is established by local, state, and federal regulatory agencies.

Castleberry - Chapter 02 #57
Difficulty: Medium

58. (p. 48) What is the source of all common law?

- A.** court decisions
- B. the Uniform Commercial Code
- C. regulations written by federal regulatory agencies
- D. regulations written by the Better Business Bureau
- E. laws passed by Congress

Castleberry - Chapter 02 #58
Difficulty: Medium

59. (p. 48) The accounting of sales and costs of many new technology products has resulted in many ethical and legal controversies. Often, the use life of the new product is difficult to assess and therefore how to allocate sales and costs are debatable. A court decision provides guidelines to address these issues. The court decision is an example of:

- A. UCC codification.
- B. administrative law.
- C.** common law.
- D. statutory law.
- E. all of the above

Castleberry - Chapter 02 #59
Difficulty: Medium

60. (p. 48) The UCC is the legal guide to commercial practices in the United States. The letters UCC are an acronym for:

- A. United Commercial Charter.
- B.** Uniform Commercial Code.
- C. Universal Corporate Contract.
- D. United Corporate Centers.
- E. Uniform Consumer Contract.

Castleberry - Chapter 02 #60
Difficulty: Easy

61. (p. 48) Ed sells holiday decorations used by mall owners. When Ed promises his company will deliver Christmas elves by Thanksgiving, even if he doesn't put the promise in writing, Ed is acting as a(n):

- A.** agent.
- B. merchant.
- C. reseller.
- D. factor.
- E. mediator.

Castleberry - Chapter 02 #61
Difficulty: Medium

62. (p. 48) The Uniform Commercial Code (UCC):

- A.** contains statutory laws.
- B. contains administrative laws.
- C. is regulated by the Better Business Bureau.
- D. grew out of court decisions.
- E. is regulated by the Federal Trade Commission.

Castleberry - Chapter 02 #62
Difficulty: Medium

63. (p. 49) How does a sale differ from a contract to sell?

- A. Cash must change hands for a contract to sell to exist.
- B. The UCC defines a sale and a contract to sell as synonymous.
- C. A sale is made when the salesperson makes an offer and receives unqualified acceptance.
- D. The title must change hands for a contract to sell to exist.
- E.** A contract to sell exists anytime a salesperson makes an offer and receives unqualified acceptance from the customer.

Castleberry - Chapter 02 #63
Difficulty: Medium

64. (p. 492) A sale is made:

- A. when the salesperson makes an offer.
- B. when the client accepts the offer and agrees to buy.
- C. before the title exchanges hands.
- D.** when the contract is completed and the title exchanges hands.
- E. when the contract is signed.

Castleberry - Chapter 02 #64
Difficulty: Medium

65. (p. 49) According to the UCC, _____ is usually considered an invitation to negotiate.

- A.** a sales presentation
- B. prospecting
- C. the gathering of competitive intelligence about competitors
- D. a cold call which does not result in a salesperson seeing anyone except the receptionist who gives him/her an appointment for later
- E. doing marketing research for a customer

Castleberry - Chapter 02 #65
Difficulty: Easy

66. (p. 49) The offer:

- A. takes place when the buyer accepts the contractual terms.
- B.** specifically states what the seller promises to deliver and what is expected from the buyer.
- C. is the transfer of title to goods by the seller to the buyer for a consideration known as price.
- D. is usually considered an invitation to negotiate like a sales presentation.
- E. only takes place when money changes hands.

Castleberry - Chapter 02 #66
Difficulty: Easy

67. (p. 49) As a salesperson, your statements and actions can legally bind your company if you are acting in place of your company as it's authorized:

- A. wholesaler.
- B. mouthpiece.
- C. channel leader.
- D. intermediary.
- E.** agent.

Castleberry - Chapter 02 #67
Difficulty: Medium

68. (p. 49) Orders become contracts to sell when:

- A. the salesperson quotes the specific terms involved in the purchase.
- B. goods are transferred from the seller to the buyer for a consideration known as price.
- C.** they are signed by an authorized representative of the salesperson's company.
- D. money changes hands.
- E. the title for the product is exchanged.

Castleberry - Chapter 02 #68
Difficulty: Easy

69. (p. 49) When Raleigh sold the automated sprinkler system to the construction company, he specified in the contract that the system was to be shipped FOB destination. According to the UCC, this means:

- A. the buyer has title to the system as soon as it leaves the seller's loading dock.
- B. the seller guarantees that the system will work as advertised if it is installed correctly.
- C. the buyer has the right to refuse payment for the system if it arrives after the promised due date.
- D.** the seller has title until the system is received at the construction site.
- E. the delivery company has title to the system until a representative of the construction company signs a receipt.

Castleberry - Chapter 02 #69
Difficulty: Medium

70. (p. 49) If the terms of the contract specify FOB (free on board) destination, then:
- A.** the seller has title until the goods are received at the destination.
 - B. the buyer is responsible for any loss during transportation.
 - C. the buyer assumes the responsibility and risk for the merchandise as soon it leaves the factory.
 - D. the seller does not expect payment for the merchandise until it reaches its destination.
 - E. the goods are being sold on consignment.

Castleberry - Chapter 02 #70
Difficulty: Medium

71. (p. 49) When James sold the protective window bars for the nursing home complex, he specified in the contract that the bars would be shipped FOB factory. According to the UCC, this means that:
- A. the bars will not leave the manufacturer until payment had been received in full.
 - B. the seller has full title to the bars until the nursing home director receives them.
 - C.** the buyer assumes responsibility, cost, and risk for shipping of the bars.
 - D. the seller does not expect payment for the bars until they are installed.
 - E. the delivering company assumes title for the bars while they are in transit.

Castleberry - Chapter 02 #71
Difficulty: Medium

72. (p. 49) If the terms of the contract specify FOB (free on board) factory, then:
- A. the seller has title until the goods are received at the destination.
 - B. the seller is responsible for any loss during transportation.
 - C.** the buyer assumes the responsibility and risk for the merchandise as soon it leaves the factory.
 - D. the seller does not expect payment for the merchandise until it reaches its destination.
 - E. the goods are being sold on consignment.

Castleberry - Chapter 02 #72
Difficulty: Medium

73. (p. 50) When the purchasing agent bought an order of sheet aluminum (used to make cans) from a new supplier, the salesperson stated he could deliver on a week's notice, but when the agent placed his first order, he was told that he could expect to receive it in about six weeks. The person salesperson had violated the _____ that the salesperson had made.
- A. codified warranty
 - B. impressed guarantee
 - C. implied warranty
 - D.** expressed warranty
 - E. vocalized guarantee

Castleberry - Chapter 02 #73
Difficulty: Medium

74. (p. 50) A(n) _____ is an oral or written statement by the seller about how a product will perform.

- A. codified warranty
- B. impressed guarantee
- C. implied warranty
- D. expressed warranty**
- E. vocalized guarantee

Castleberry - Chapter 02 #74
Difficulty: Easy

75. (p. 50) A(n) _____ is not actually stated but is still an obligation defined by law.

- A. codified warranty
- B. impressed guarantee
- C. implied warranty**
- D. expressed warranty
- E. vocalized guarantee

Castleberry - Chapter 02 #75
Difficulty: Easy

76. (p. 50) Kevin purchased a lawn mower with blades so dull that it would not cut his grass. Due to the existence of _____ warranties, Kevin can return the mower and expect to receive a replacement that will cut grass.

- A. communicated
- B. applied
- C. functional
- D. implied**
- E. codified

Castleberry - Chapter 02 #76
Difficulty: Medium

77. (p. 50) When Rosita purchased her new bread making machine, she expected the machine to turn itself off once the bread was cooked. Her new bread maker has burned the last three loaves she tried to make because she forgets that it must be turned off manually. Since the sales clerk emphasized how easy the machine was to use, Rosita has decided that the machine does not live up to its _____ warranty.

- A. expressed**
- B. codified
- C. common
- D. communicated
- E. applied

Castleberry - Chapter 02 #77
Difficulty: Medium

78. (p. 50) When Murray purchased the new drink machine for the employee snack room, he was frustrated to learn it would not keep drinks cold. Under a(n) _____, he could demand the seller replace the non-functioning machine with one that would cool.

- A. codified warranty
- B. impressed guarantee
- C. implied warranty
- D. expressed warranty**
- E. vocalized guarantee

Castleberry - Chapter 02 #78
Difficulty: Medium

79. (p. 50) If the salesperson for a paint manufacturer promised the purchasing agent for a large chain of home repair stores that a certain brand of paint was mildew-resistant (when it was not), the salesperson:

- A. should be liable for prosecution under the regulations of the Federal Trade Commission.
- B. should be fired because he had violated the company's code of ethics.
- C. should have given further credibility to the statement, "Let the buyer beware."
- D. violated an administrative law.
- E. created an expressed warranty.**

Castleberry - Chapter 02 #79
Difficulty: Medium

80. (p. 50) Robin is selling a local area network system to a company that oversees the renovation of dingy, old downtown districts into attractive, shopping areas. The buyer is practically computer illiterate, but she realizes that computers will make her more efficient once she learns to use them. Which of the following statements by the seller might be construed as an expressed warranty?

- A. Maintain a hardcopy of every memo that you try to send until you are comfortable with the system.
- B. Don't worry if it breaks down; our service people will be able to get it running again quickly.**
- C. Be sure to ask your employees to attend the training session.
- D. Please read the instruction manual before you try to use the system.
- E. None of the above could ever be considered to be an expressed warranty.

Castleberry - Chapter 02 #80
Difficulty: Medium

81. (p. 50) When the department store clerk tells Hilda that the coffee brewed by one particular coffee maker will make her think she's died and gone to Starbucks heaven, the clerk was using:

- A.** puffery.
- B. a spiff.
- C. reciprocity.
- D. sales misrepresentation.
- E. collusion.

Castleberry - Chapter 02 #81
Difficulty: Medium

82. (p. 51) In Canada, where puffery is more closely monitored than in the United States, a salesperson who told a customer a oven for cooking meats would tenderize meat better than any other smoker on the market might be guilty of violating the:

- A. law of misrepresentation.
- B. competitive comparison laws.
- C. Canadian credibility law.
- D. Caveat Emptor law.
- E.** credulous person standard.

Castleberry - Chapter 02 #82
Difficulty: Medium

83. (p. 51) To avoid legal and ethical problems when selling a computer-assisted design system to an architectural firm, the salesperson should:

- A. educate the customer thoroughly about the system before concluding the sale.
- B. avoid offering an opinion about how the product will specifically benefit the firm.
- C. tell the customer as much as possible about how to operate the new system.
- D. tell the customer that he will find out the answer and call if he is asked a question he cannot answer.
- E.** do all of the above to avoid any claims of misrepresentation.

Castleberry - Chapter 02 #83
Difficulty: Medium

84. (p. 52) _____ occurs when salespeople make unfair or untrue statements to customers about a competitor, its products or its salespeople.

- A. Collusion
- B.** Business defamation
- C. Puffery
- D. Misrepresentation
- E. Deception

Castleberry - Chapter 02 #84
Difficulty: Easy

85. (p. 52) _____ is a special relationship in which two companies agree to buy products from each other.

- A. Disbursement
- B. Reciprocity**
- C. Diversification
- D. Indemnification
- E. Remuneration

Castleberry - Chapter 02 #85
Difficulty: Easy

86. (p. 52) Which of the following is an example of reciprocity?

- A. Kennedy reveals a competitor's secret formula for a plastic hardening compound.
- B. Larry's Uniform Company agrees to buy Harry's landscaping services if Harry will rent its uniforms from Larry.**
- C. When the purchasing agent won't see Otto, he bribes the receptionist to get him an appointment with the company's CEO.
- D. In order to carry a line of profitable wind chimes, Scott's Hardware Store also has to carry a less profitable line of hose nozzles made by the same company.
- E. A group of kaolin (used in the whitening of paper) manufacturers agree to a price freeze.

Castleberry - Chapter 02 #86
Difficulty: Medium

87. (p. 52) When is reciprocity legal?

- A. when the sale involves products that will never reach the ultimate consumer
- B. when the products involved are both in the decline stage of their product life cycle
- C. when both parties consent to the agreement willingly**
- D. when the sale is made between two resellers
- E. it is never legal

Castleberry - Chapter 02 #87
Difficulty: Medium

88. (p. 52) In a _____, a buyer is required to purchase one product in order to be able to purchase another product.

- A. tying agreement**
- B. countertrade agreement
- C. buyer entitlement
- D. product disbursement agreement
- E. reciprocal agreement

Castleberry - Chapter 02 #88
Difficulty: Easy

89. (p. 52) Which of the following is an example of a tying contract?

A. Jon refuses to buy office supplies from any one but Bridget.

B. In order to carry a highly successful organic cleaning compound, Nature's Survival Store has to carry a much less successful line of laundry detergent made by the same company.

C. Traveler's Rest, a travel agency, agrees to buy its insurance need from the Nathan Dean Insurance Agency if the agency agrees to let Traveler's Rest handle the owners' travel plans.

D. A paper supply company agrees to give Harridan Industries a free case of paper towels for every dozen cases it purchases.

E. A salesperson tells a contractor that its paint is mildew-resistant when this is untrue.

Castleberry - Chapter 02 #89

Difficulty: Medium

90. (p. 52) If the tin manufacturers in Bolivia got together and set an arbitrary price for the various grades of ores they sell before contacting a buyer, it would be described as:

A. business defamation.

B. a contrivance.

C. price discrimination.

D. collusion.

E. a conspiracy.

Castleberry - Chapter 02 #90

Difficulty: Medium

91. (p. 52) Three companies have been selected as potential suppliers for temporary office help for an organization's headquarters office. After the negotiations began, representatives of two of the firms met and developed a scheme, which will eliminate the third from the competition. This is an example of:

A. business defamation.

B. a contrivance.

C. price discrimination.

D. collusion.

E. a conspiracy.

Castleberry - Chapter 02 #91

Difficulty: Medium

92. (p. 52) If uniform rental companies agreed that neither would charge less than \$5 per week per uniform even before the newly opened chicken plant contacted them for uniform bids, it would be an example of:

- A. business defamation.
- B. a contrivance.
- C. price discrimination.
- D. collusion.
- E.** a conspiracy.

Castleberry - Chapter 02 #92
Difficulty: Medium

93. (p. 752) _____ refers to competitors working together while the customer is making a purchase decision.

- A. Defamation
- B. A tying contract
- C. Resale price maintenance
- D. Reciprocity
- E.** Collusion

Castleberry - Chapter 02 #93
Difficulty: Medium

94. (p. 53) When a perfume manufacturer establishes a minimum price below which a retailer may not sell its perfume, the manufacturer is engaged in:

- A. a tying contract.
- B.** resale price maintenance.
- C. price discrimination.
- D. collusion.
- E. reciprocity.

Castleberry - Chapter 02 #94
Difficulty: Medium

95. (p. 53) If the manufacturer of Kingston freestanding greenhouses were to give \$10 to the salespeople who worked at retailers of Kingston greenhouses for each greenhouse they sold during the month of May, these special incentives would be called:

- A. pull money.
- B. a sale lifter.
- C. a perquisite.
- D.** a spiff.
- E. a straight commission.

Castleberry - Chapter 02 #95
Difficulty: Medium

96. (p. 53) Court decisions related to the Robinson-Patman Act define _____ as a seller giving unjustified special prices, discounts, or services to some customers and not to others.

- A. reciprocity
- B. a spiff
- C. price discrimination**
- D. a tying contract
- E. business deception

Castleberry - Chapter 02 #96
Difficulty: Easy

97. (p. 54) The _____ Act requires written notification to customers regarding privacy policies.

- A. Robinson-Patman
- B. Gramm-Leach-Bliley**
- C. Sarbanes-Oxley
- D. FOB notification
- E. Federal-Do-Not-Call-Registry

Castleberry - Chapter 02 #97
Difficulty: Medium

98. (p. 54) To speed up the opening of a new factory in a Middle Eastern country, Micah gave the local government official's assistant a pen and pencil set that Micah had purchased for \$10. Micah hoped this gift would remove some of the red tape that was slowing down the building process. This type of gift is referred to as:

- A. collusion.
- B. subordination.
- C. capitulation.
- D. indemnification.
- E. lubrication.**

Castleberry - Chapter 02 #98
Difficulty: Medium

99. (p. 55) _____ involves paying large sums of money to higher-ranking officials to get them to do something illegal or to ignore an illegal act.

- A. Collusion
- B. Subordination**
- C. Capitulation
- D. Indemnification
- E. Lubrication

Castleberry - Chapter 02 #99
Difficulty: Easy

100. (p. 55) A small appliance manufacturer trying to build a factory in one of the Mexican states offered the governor of the state a bribe of \$12,000 to waive certain environmental regulations for the manufacturing concern. This is an example of:

- A. collusion.
- B.** subordination.
- C. capitulation.
- D. indemnification.
- E. lubrication.

Castleberry - Chapter 02 #100
Difficulty: Medium

101. (p. 55) Which of the following statements about U.S. salespeople who sell to international customers is true?

- A. U.S. salespeople are subject only to the laws in the country in which they are selling.
- B. U.S. salespeople are not allowed to make any lubrication payments.
- C.** U.S. salespeople are prohibited from engaging in activities that would adversely affect the U.S. economy.
- D. U.S. salespeople are expected to participate in all boycotts.
- E. None of the above statements about how U.S. salespeople should operate when selling to international customers is true.

Castleberry - Chapter 02 #101
Difficulty: Medium

102. (p. 55) _____ is the view that no culture's ethics are superior to any other culture's ethics.

- A. Ethical imperialism
- B. Ethical ombudsmen
- C. Ethical solidarity
- D.** Cultural relativism
- E. Cultural solidarity

Castleberry - Chapter 02 #102
Difficulty: Easy

103. (p. 55) When Venezuelan growers of fresh flowers sold their product in U.S. markets for less money than it cost to raise the flowers they were trying to put the U.S. growers out of business. Since this practice, called dumping, was perfectly ethical from the viewpoint of the Venezuelans, one can assume that its citizens would accept a policy of:

- A.** ethical imperialism.
- B. ethical ombudsmen.
- C. ethical solidarity.
- D. cultural relativism.
- E. cultural solidarity.

Castleberry - Chapter 02 #103
Difficulty: Medium

104. (p. 55) _____ is the view that ethical standards in one's home country should be applied to one's behavior across the world.

- A.** Ethical imperialism
- B. Ethical ombudsmen
- C. Ethical solidarity
- D. Cultural relativism
- E. Cultural solidarity

Castleberry - Chapter 02 #104
Difficulty: Easy

105. (p. 56) The Foreign Corrupt Practices Act:

- A. makes it illegal to trade with a country that engaged in illegal activities.
- B. supports a feeling of cultural relativism.
- C. makes bribery legal in those countries that have laws that define legal bribery activities.
- D. makes it illegal for a U.S. company to use price discrimination in international marketing.
- E.** supports ethical imperialistic view when it comes to bribery.

Castleberry - Chapter 02 #105
Difficulty: Medium

106. (p. 32) In the opening profile salesperson Patricia Geitl states HP personnel take annual training courses in "Standards of Business Conduct." What sales ethics topics are likely covered in this course?

The corporate training and documentation cover company policies and guidelines for dealing with ethical and legal issues, such as fair competition, gifts, false claims and statements, conflicts of interest, workplace harassment, and handling of sensitive information.

Castleberry - Chapter 02 #106
Difficulty: Hard

107. (p. 37) There are seven factors that directly impact an individual's personal code of ethics. List six of them and give an example of how each would directly impact a salesperson's ethical system.

Students will have a variety of different ways to answer this question. The most important is that they do address the factors as listed in Exhibit 2-2. The following is a suggested answer: (1) Social norms--Be polite. (2) Personal goals--To be a highly successful salesperson. (3) Customer goals--To benefit personally from the sale. (4) Company goals--To make a sale and profit from the sale. (5) Company policies--To not take or give bribes of any kind. (6) Depending on the type of purchase and the industry, kickbacks are often illegal. Also, the kickback would restrain trade. (7) Values of significant others--Spouse may equate money with success. Parent may value honor above all else.

Castleberry - Chapter 02 #107
Difficulty: Hard

108. (p. 41) Jackson sells refrigeration units to hospitals, laboratories, and clinics. He really wants to make a sale to a group of hospitals all working under the Emory name. He believes that if he gives the purchasing agent for the hospitals an especially great gift, he will be more than likely to get the order. What advice would you give him?

Jackson should realize that any gift he gives should be given to foster a mutually, beneficial, long-term relationship, not to obligate the agent to place an order. He should also make sure the customer views the gift as a symbol of respect with no strings attached. Gifts should never be given to influence a buy. He needs to make sure that the gift does not violate the customer's or his company's policies. The safest gifts are inexpensive items imprinted with the salesperson's company name or logo.

Castleberry - Chapter 02 #108
Difficulty: Medium

109. (p. 46-47) Imagine you have a computer job with Hughes Hospital Supply, and you get a job offer from IBM. What would be the ethical way to move from your job at Hughes to your new position with IBM?

First, you should give ample notice. Offer assistance during the transition phase; help your replacement learn his/her job. Do not disclose confidential information to IBM. Finally, don't burn your bridges.

Castleberry - Chapter 02 #109
Difficulty: Medium

110. (p. 47) Define sexual harassment.

Sexual harassment includes unwelcome sexual advances, requests for sexual favors, jokes, or graffiti, and physical conduct. It is not confined to requests for sexual favors in exchange for job considerations; simply creating a hostile work environment can be considered sexual harassment.

Castleberry - Chapter 02 #110
Difficulty: Easy

111. (p. 50) You have just filled up your car with gasoline. Give an example of an expressed and an implied warranty that might have accompanied your purchase.

Implied warranty: The car should work. Expressed warranty; the octane level and additives stated on the pump should accurately reflect the gasoline being sold. Students will have other examples.

Castleberry - Chapter 02 #111
Difficulty: Easy

112. (p. 53) When are spiffs legal?

Spiffs are legal when the reseller knows and approves of the special incentives being given, and the special incentives are offered to all of the reseller's salespeople.

Castleberry - Chapter 02 #112
Difficulty: Medium

113. (p. 55) Distinguish between cultural relativism and ethical imperialism.

Cultural relativism is the view that no culture's ethics are superior. On the other hand, ethical imperialism is the view that ethical standards in one's home country should be applied to one's behavior across the world.

Castleberry - Chapter 02 #113
Difficulty: Easy

114. (p. 41) What is the difference between a bribe and a kickback?

A bribe is a payment made to influence purchase decisions. A kickback is a payment made to buyers based on the amount of orders placed.

Castleberry - Chapter 02 #114
Difficulty: Easy

115. (p. 44) What is the term used for describing a situation in which a medical supplies salesperson contacts the hospital's chief surgeon, who is an integral part in making the purchase decision rather than go through the hospital's purchasing office?

backdoor selling

Castleberry - Chapter 02 #115
Difficulty: Easy

116. (p. 46) Anita Landry is quitting her job, and she wants to tell her sales supervisor what a bumbling fool he is and explains to him in great detail why he couldn't supervise a dirty diaper. How might such a confrontation adversely affect Landry's future?

She may want to return to the company some day or need a reference from it.

Castleberry - Chapter 02 #116
Difficulty: Easy

117. (p. 47) There is a lewd joke posted in the restroom where Lee works. He finds the joke offensive and wants to know if there is any way to make his boss remove it and forbid other such jokes from being posted. What advice do you give him?

Use the sexual harassment policies at his work to solve this problem.

Castleberry - Chapter 02 #117
Difficulty: Medium

118. (p. 48) How does the Uniform Commercial Code (UCC) define a sales presentation?

as an invitation to negotiation

Castleberry - Chapter 02 #118
Difficulty: Medium

119. (p. 48) As a salesperson, your statements and actions can legally bind your company and have significant financial impact. This suggests salespeople act in what capacity for their company?

as an agent.

Castleberry - Chapter 02 #119
Difficulty: Easy

120. (p. 48) What is the difference between a sales presentation and a sales quote?

A sales presentation is an invitation to negotiate while a sales quote is an offer to provide goods or services at the price and specifications enumerated in the quote.

Castleberry - Chapter 02 #120
Difficulty: Medium

121. (p. 49) If the terms of contract specify free on board (FOB) destination, which is responsible if any damage occurs while the item purchased is being transported?

the seller

Castleberry - Chapter 02 #121
Difficulty: Easy

122. (p. 50) What kind of warranty would specify that an order of small appliances will arrive at a retailer's with directions for operation?

implied warranty

Castleberry - Chapter 02 #122
Difficulty: Easy

123. (p. 50) If a business owner stated, "The dogs that stay in our kennels cry when they have to go back home," he or she is engaging in what type of activity?

puffery

Castleberry - Chapter 02 #123
Difficulty: Easy

124. (p. 52) What is happening when a retailer is forced by its supplier to stock several unknown country and western recordings if it wants to have an adequate stock of the new Carrie Underwood CD?

a tying agreement

Castleberry - Chapter 02 #124
Difficulty: Easy

125. (p. 52) When a salesperson makes unfair or untrue statements to customers about a competitor, its products, or its salespeople, what can they be accused of?

business defamation

Castleberry - Chapter 02 #125
Difficulty: Easy

126. (p. 51) What is the credulous person standard?

It is a standard used in Canada that requires that all claims and statements about comparisons with competitive products must be readily understood by a reasonable person. Claims that could be misunderstood can lead to lawsuits.

Castleberry - Chapter 02 #126
Difficulty: Medium

127. (p. 52) What is the name for a special relationship in which two companies agree to buy products from each other?

reciprocity

Castleberry - Chapter 02 #127
Difficulty: Easy

128. (p. 53) Briefly describe the purpose of the Robinson-Patman Act.

to protect buyers from price discrimination in interstate commerce

Castleberry - Chapter 02 #128
Difficulty: Easy

129. (p. 53) What is the difference between a conspiracy and collusion?

A conspiracy is an agreement between competitors before customers are contacted. Collusion refers to competitors working together while the customer is making a purchase decision.

Castleberry - Chapter 02 #129
Difficulty: Hard

130. (p. 53) What are incentives offered to retail salespeople by manufacturers called?

push money or spiffs

Castleberry - Chapter 02 #130
Difficulty: Medium

131. (p. 55) What does the Gramm-Leach-Bliley Act attempt to protect?

privacy

Castleberry - Chapter 02 #131
Difficulty: Medium

132. (p. 55) What is the term for a large sum of money paid to government officials to get them to do something that is illegal or to ignore an illegal act?

subordination

Castleberry - Chapter 02 #132
Difficulty: Medium

133. (p. 55) When applied to business ethics, what does the statement, "when in Rome, do as the Romans do" suggest?

cultural relativism

Castleberry - Chapter 02 #133
Difficulty: Easy

134. (p. 56) What is the name of the law that makes it illegal for U.S. companies to pay bribes to foreign officials?

the Foreign Corrupt Practices Act

Castleberry - Chapter 02 #134
Difficulty: Easy

c2 Summary

<u>Category</u>	<u># of Questions</u>
Castleberry - Chapter 02	134
Difficulty: Easy	45
Difficulty: Hard	12
Difficulty: Medium	77