**review chapters 11-21**

**Multiple Choice**

*Identify the choice that best completes the statement or answers the question.*

\_\_\_\_ 1. A new-product strategy:

|  |  |
| --- | --- |
| a. | links the new-product development process with the objectives of the marketing department, the business unit, and the corporation |
| b. | is part of an organization's overall marketing strategy |
| c. | specifies the roles new products play in the organization's overall plans |
| d. | describes the characteristics of products the organization wants to offer and the markets it wants to serve |
| e. | is accurately described by all of these |

\_\_\_\_ 2. The first stage of the new-product development process is:

|  |  |
| --- | --- |
| a. | screening and concept testing |
| b. | establishing the new-product strategy |
| c. | exploring opportunities |
| d. | developing a business analysis |
| e. | the building of a prototype |

\_\_\_\_ 3. A manufacturer of office furnishings is finding it difficult to compete with cheaper imported merchandise. Which of the following is a potential source of new-product ideas that would allow it to compete more effectively?

|  |  |
| --- | --- |
| a. | current retailers who carry the manufacturer's equipment |
| b. | its foreign competitors |
| c. | the company's employees |
| d. | customers who have requested its catalogs |
| e. | all of these |

\_\_\_\_ 4. Which of the following stages of the new-product development process is the first filter in the new-product development process and serves to eliminate new-product ideas that are inconsistent with the organization's new-product strategy or are obviously inappropriate for some other reason?

|  |  |
| --- | --- |
| a. | applied diffusion |
| b. | introductory diffusion |
| c. | business analysis |
| d. | test marketing |
| e. | idea screening |

\_\_\_\_ 5. In the \_\_\_\_\_ stage of new-product development, preliminary demand, cost, sales, and profitability estimates are made.

|  |  |
| --- | --- |
| a. | prototype screening |
| b. | idea generation |
| c. | concept testing |
| d. | post-brainstorming |
| e. | business analysis |

\_\_\_\_ 6. A team-oriented approach to new-product development is referred to as:

|  |  |
| --- | --- |
| a. | simultaneous product development |
| b. | synergistic product development |
| c. | commercialized product development |
| d. | synchronized product development |
| e. | parallel product development |

\_\_\_\_ 7. Which of the following statements about simultaneous product development is true?

|  |  |
| --- | --- |
| a. | Simultaneous product development refers to the practice of developing multiple new products at the same time. |
| b. | With simultaneous product development, all relevant functional areas and outside suppliers participate in all stages of the new-product development process. |
| c. | All departments within the company work together at the same time, but to maintain a high level of secrecy, no one outside the company is involved in simultaneous product development. |
| d. | Simultaneous product development actually increases the length of time it takes to get a product to market and the time the product will stay in the growth stage of its product life cycle. |
| e. | All of these statements about simultaneous product development are true. |

\_\_\_\_ 8. When selecting a test market city, a researcher should look for a city:

|  |  |
| --- | --- |
| a. | where the demographics and purchasing habits mirror the overall market for the product |
| b. | that has media spillover from other cities to increase media alternatives |
| c. | that is as large as possible |
| d. | that has limited distribution |
| e. | where there is no competition |

\_\_\_\_ 9. Which of the following has been found to be an efficient substitute for traditional methods of conducting test markets?

|  |  |
| --- | --- |
| a. | product sampling |
| b. | simulated product adoption |
| c. | online test marketing |
| d. | simulated diffusion |
| e. | market concentration |

\_\_\_\_ 10. The final stage in the new-product development process is:

|  |  |
| --- | --- |
| a. | product testing |
| b. | market testing |
| c. | commercialization |
| d. | product prototyping |
| e. | simulated marketing |

\_\_\_\_ 11. A service cannot be touched, seen, tasted, heard, or felt in the same manner in which goods can be sensed and, therefore, is referred to as:

|  |  |
| --- | --- |
| a. | impervious |
| b. | extraneous |
| c. | synergistic |
| d. | perishable |
| e. | intangible |

\_\_\_\_ 12. A(n) \_\_\_\_\_ is a characteristic that can be easily assessed prior to purchase, such as the softness of a mattress or the color of curtains.

|  |  |
| --- | --- |
| a. | search quality |
| b. | intangible attribute |
| c. | experience quality |
| d. | credence quality |
| e. | heterogeneity feature |

\_\_\_\_ 13. “Girls Just Wanna Have Funds” is a Washington, D.C. support group that consist of mostly young women that offers tips on budgeting and debt relief. Since you cannot evaluate the quality of the financial advice until after you have received it, this is an example of the \_\_\_\_\_ characteristic of service.

|  |  |
| --- | --- |
| a. | Reliability |
| b. | Heterogeneous satisfaction |
| c. | Search quality |
| d. | Temporal quality |
| e. | Experience quality |

\_\_\_\_ 14. Alec had his gall bladder removed, but he was unconscious during the operation. In fact, even though he has an incision, he really has no way of knowing if the service was actually performed even after it was allegedly performed. That is because medical services such as this exhibit \_\_\_\_\_ qualities.

|  |  |
| --- | --- |
| a. | credence |
| b. | perishable |
| c. | experience |
| d. | search |
| e. | Homogeneity |

\_\_\_\_ 15. Which of the following services would be most likely to exhibit strong credence qualities?

|  |  |
| --- | --- |
| a. | a math tutorial service |
| b. | the repair of a leaky drain |
| c. | the preparation of a dead body for burial |
| d. | tax return preparation |
| e. | a landscaping service that mows lawns |

\_\_\_\_ 16. Which unique characteristic of services is the variability of the inputs and outputs of services, which causes services to tend to be less standardized and less uniform than goods?

|  |  |
| --- | --- |
| a. | intangibility |
| b. | inseparability |
| c. | heterogeneity |
| d. | perishability |
| e. | flexibility |

\_\_\_\_ 17. It is difficult to achieve consistency and standardization of services because of which service characteristic?

|  |  |
| --- | --- |
| a. | customization |
| b. | simultaneous production and consumption |
| c. | intangibility |
| d. | perishability |
| e. | heterogeneity |

\_\_\_\_ 18. A reading service for the visually impaired requires each reader applicant to prepare and submit a one-hour interview tape of material chosen by the service to determine whether the reader has pleasing vocal characteristics and is accent-free so that it is not necessary to use the same reader every time. The reading service is trying to limit problems associated with the service characteristic of:

|  |  |
| --- | --- |
| a. | tangibility |
| b. | credence quality |
| c. | heterogeneity |
| d. | simultaneous production and consumption |
| e. | flexibility |

\_\_\_\_ 19. Due to service \_\_\_\_\_, services cannot be stored, warehoused, or inventoried.

|  |  |
| --- | --- |
| a. | tangibility |
| b. | variability |
| c. | intangibility |
| d. | perishability |
| e. | heterogeneity |

\_\_\_\_ 20. David and Kathy like to take their young son, Chaz, to Moe’s for lunch after church on Sunday. While they like to eat at Moe’s anytime, Sunday is particularly good because it’s “kids-eat-free” day at Moe’s southwestern grill. Until Moe’s began the reduced pricing program, Sundays were very slow. Now it is one of the busiest days of the week. This price reduction was a way to contend with the service characteristic of:

|  |  |
| --- | --- |
| a. | variability |
| b. | perishability |
| c. | intangibility |
| d. | inseparability |
| e. | simultaneous production and consumption |

\_\_\_\_ 21. When an intermediary in the channel of distribution owns the merchandise and controls the terms of the sale, this is referred to as:

|  |  |
| --- | --- |
| a. | complete control |
| b. | exclusive distribution |
| c. | taking title |
| d. | contact efficiency |
| e. | economies of scale |

\_\_\_\_ 22. The major characteristic that is used to differentiate among types of intermediaries is whether they:

|  |  |
| --- | --- |
| a. | install exchange barriers such as location, time, and quantity |
| b. | create specialization of labor |
| c. | create economies of scale |
| d. | take title to the products they sell |
| e. | raise profit margins for independent middlemen |

\_\_\_\_ 23. Retailers and merchant wholesalers are examples of intermediaries that:

|  |  |
| --- | --- |
| a. | take title to a product |
| b. | create temporal and spatial discrepancies |
| c. | use consumer promotions |
| d. | do not benefit from any economies of scale |
| e. | are accurately described by all of these statements |

\_\_\_\_ 24. A(n) \_\_\_\_\_ is an institution that buys goods from manufacturers, takes title to these goods, and resells them to businesses, government agencies, and/or other wholesalers or retailers.

|  |  |
| --- | --- |
| a. | merchant wholesaler |
| b. | agent |
| c. | drop shipper |
| d. | channel cooperative |
| e. | marketing cooperative |

\_\_\_\_ 25. \_\_\_\_\_ are wholesaling intermediaries who facilitate the sales of a product from producer to end user by representing retailers, wholesalers, or manufacturers and providing little input as to the terms of the sale.

|  |  |
| --- | --- |
| a. | Marketing facilitators |
| b. | Channel cooperatives |
| c. | Agents and brokers |
| d. | Merchant wholesalers |
| e. | Channel functionaries |

\_\_\_\_ 26. The three basic functions channel intermediaries perform are:

|  |  |
| --- | --- |
| a. | transactional, logistical, and facilitating |
| b. | contacting, negotiating, and ownership |
| c. | promoting, distributing, and bulk-breaking |
| d. | assorting, accumulating, and allocating |
| e. | financing, mediating, and storing |

\_\_\_\_ 27. Which of the following is a transactional function performed by intermediaries?

|  |  |
| --- | --- |
| a. | sorting |
| b. | researching |
| c. | risk taking |
| d. | physically distributing |
| e. | storing |

\_\_\_\_ 28. Which of the following is a logistical function performed by intermediaries?

|  |  |
| --- | --- |
| a. | sorting |
| b. | negotiating |
| c. | financing |
| d. | risk taking |
| e. | all of these choices |

\_\_\_\_ 29. All of the following are sorting activities EXCEPT:

|  |  |
| --- | --- |
| a. | assorting |
| b. | accumulation |
| c. | sorting out |
| d. | allocation |
| e. | possession |

\_\_\_\_ 30. \_\_\_\_\_ is the efficient and cost-effective forward and reverse flow and storage of goods, services, and related information, into, through, and out of channel member companies.

|  |  |
| --- | --- |
| a. | Disintermediation |
| b. | Logistics |
| c. | Materials handling |
| d. | Intermodal transportation |
| e. | Contract logistics |

\_\_\_\_ 31. Which of the following is a key principle of supply chain management that means multiple firms work together to perform tasks as a single unified system, rather than as several individual companies acting in isolation?

|  |  |
| --- | --- |
| a. | Pareto principle |
| b. | 80/20 principle |
| c. | systems approach |
| d. | win-win approach |
| e. | integrative approach |

\_\_\_\_ 32. When the Boeing Co. announced it would delay the introduction of its new 787, the CEO blamed the problem on the company's supply chain. Airplanes use thousands of individual parts and in an attempt to relieve the smaller, individual supply chain quandary, Boeing used major suppliers to construct large pieces of the plane. Boeing would have benefited from more \_\_\_\_\_ integration.

|  |  |
| --- | --- |
| a. | channel |
| b. | supply chain |
| c. | MRP |
| d. | functional |
| e. | tactical distribution |

\_\_\_\_ 33. \_\_\_\_\_ integration is the ability of two or more companies to develop social connections that serve to guide their interactions when working together.

|  |  |
| --- | --- |
| a. | Relationship |
| b. | Social |
| c. | Customer |
| d. | Materials and service supplier |
| e. | Technology and planning integration |

\_\_\_\_ 34. By achieving \_\_\_\_\_ integration across their supply chains, firms can gain the information needed to execute short-term and long-term planning, and thereby make better operational decisions.

|  |  |
| --- | --- |
| a. | relationship |
| b. | social |
| c. | functional |
| d. | technology and planning |
| e. | internal operations |

\_\_\_\_ 35. Through the use of automatic shipping notices, Ace Hardware is effective at removing unnecessary costs from its supply chain. According to a vice-president of inventory for the retailer, "Information gathering that used to take three or four phone calls now is available immediately." This is an example of the use of \_\_\_\_\_ integration.

|  |  |
| --- | --- |
| a. | relationship |
| b. | social |
| c. | functional |
| d. | technology and planning |
| e. | internal operations |

\_\_\_\_ 36. Food producers love big boxes because they serve as billboards on store shelves. Wal-Mart wants to change this practice and promises suppliers that their shelf spaces won't shrink even if their boxes do. As a result, some of its vendors have reengineered their packaging. This is an example of \_\_\_\_\_ integration.

|  |  |
| --- | --- |
| a. | relationship |
| b. | social |
| c. | functional |
| d. | operational |
| e. | materials and service supplier |

\_\_\_\_ 37. \_\_\_\_\_ integration requires firms within a supply chain to link seamlessly so that they can streamline work processes and thereby provide smooth, high-quality customer experiences.

|  |  |
| --- | --- |
| a. | Relationship |
| b. | Social |
| c. | Functional |
| d. | Internal operations |
| e. | Material and service supplier |

\_\_\_\_ 38. Nabisco has reduced product inventory requirements from 49 days to 22 days. This frees up cash and warehouse space, adding flexibility to the plant. This seamless linking of Nabisco’s strategic business units is accomplished through \_\_\_\_\_ integration.

|  |  |
| --- | --- |
| a. | relationship |
| b. | social |
| c. | functional |
| d. | hierarchical |
| e. | internal operations |

\_\_\_\_ 39. Sobha Developers is the only company in India and possibly the world that manufactures almost everything that goes into its buildings. It is this backward integration that gives Sobha absolute control over quality at every level. Sobha has the highest possible \_\_\_\_\_ integration.

|  |  |
| --- | --- |
| a. | relationship |
| b. | social |
| c. | functional |
| d. | operational |
| e. | internal operations |

\_\_\_\_ 40. \_\_\_\_\_ integration is a competency that enables firms to offer long-lasting, distinctive, value-added offerings to those customers who represent the greatest value to the firm or supply chain.

|  |  |
| --- | --- |
| a. | Customer |
| b. | Social |
| c. | Measurement |
| d. | Departmental |
| e. | Internal operations |

\_\_\_\_ 41. Marketers use public relations to:

|  |  |
| --- | --- |
| a. | earn public understanding and acceptance |
| b. | communicate with the community in which they operate |
| c. | educate the public about company goals |
| d. | introduce new products |
| e. | do all of these things |

\_\_\_\_ 42. The four major promotional tools (advertising, personal selling, sales promotion, and public relations) are known collectively as the:

|  |  |
| --- | --- |
| a. | communication model |
| b. | advertising campaign |
| c. | marketing mix |
| d. | publicity four |
| e. | promotional mix |

\_\_\_\_ 43. \_\_\_\_\_ is any form of sponsor-identified, impersonal paid mass communication.

|  |  |
| --- | --- |
| a. | Advertising |
| b. | Publicity |
| c. | Promotion |
| d. | Public relations |
| e. | Nonpaid communication |

\_\_\_\_ 44. To increase its revenues, US Airways has decided to sell space on air-sickness bags to companies that would like to use this unique channel for their promotional messages. In terms of the promotional strategy, the air-sickness bags will be used for:

|  |  |
| --- | --- |
| a. | implicit communications |
| b. | publicity |
| c. | sales promotion |
| d. | public relations |
| e. | advertising |

\_\_\_\_ 45. Which of the following statements about advertising is true?

|  |  |
| --- | --- |
| a. | The total costs of advertising are typically low. |
| b. | The signs on the outsides of buses and taxis are not a form of advertising. |
| c. | The cost per contact in advertising is low. |
| d. | Innovative media are not used in advertising. |
| e. | Advertising is any form of communication in which the sponsor is identified. |

\_\_\_\_ 46. Every year, the Discovery Channel has what it calls Shark Week, a weeklong marathon of programs on sharks. In New York, Discovery Channel street teams disguised as Surfers, Bight University faculty, and Bight University "chewleaders" will attack city streets in July visiting morning TV shows, landmarks, and high-traffic areas to promote the series. An article in the *New York Times* on Shark Week and the Discovery Channel's street teams would be an example of:

|  |  |
| --- | --- |
| a. | a sales promotion |
| b. | publicity |
| c. | advertising |
| d. | implicit communications |
| e. | a personal sales presentations |

\_\_\_\_ 47. The marketing function that evaluates public attitudes, identifies areas within the organization that are of public interest, and executes a program of action to gain public understanding is:

|  |  |
| --- | --- |
| a. | public relations |
| b. | advertising |
| c. | implicit communications |
| d. | personal selling |
| e. | sales promotion |

\_\_\_\_ 48. Public information about a company, good, or service appearing in the mass media as a news item is:

|  |  |
| --- | --- |
| a. | personal selling |
| b. | advertising |
| c. | mass communications |
| d. | publicity |
| e. | sales promotion |

\_\_\_\_ 49. The Steel Recycling Institute (SRI) is an industry association that promotes and sustains the recycling of all steel products. An article in *BusinessWeek* magazine about how the institute plans to stimulate consumer demand would be an example of:

|  |  |
| --- | --- |
| a. | direct selling |
| b. | news marketing |
| c. | publicity |
| d. | event marketing |
| e. | direct marketing |

\_\_\_\_ 50. \_\_\_\_\_ consists of all marketing activities that stimulate consumer purchasing such as coupons, contests, free samples, and trade shows.

|  |  |
| --- | --- |
| a. | Sales promotion |
| b. | Publicity |
| c. | Personal selling |
| d. | Advertising |
| e. | Sponsorship |

\_\_\_\_ 51. \_\_\_\_\_ advertising is designed to enhance a company's image rather than promote a particular product.

|  |  |
| --- | --- |
| a. | Publicity |
| b. | Institutional |
| c. | Pioneering |
| d. | Selective |
| e. | Image |

\_\_\_\_ 52. DuPont has an advertisement that shows police officers describing how they were shot at close range in the line of duty. The advertisement explains that the lives of these public servants were saved by Kevlar bullet-proof vests and that Kevlar was invented by DuPont. This is an example of \_\_\_\_\_ advertising.

|  |  |
| --- | --- |
| a. | publicity |
| b. | attribute |
| c. | image |
| d. | pioneering |
| e. | institutional |

\_\_\_\_ 53. Which form of advertising involves an organization expressing its views on controversial issues or responding to media attacks?

|  |  |
| --- | --- |
| a. | advocacy |
| b. | persuasive |
| c. | issue |
| d. | comparative |
| e. | image |

\_\_\_\_ 54. Americans for Balanced Energy Sources has spent $1.3 million on ads to say that coal-fired electric generating plants can be clean despite growing opposition to coal plants as many of the plants contribute directly to greenhouse gases leading to an accelerated increase in global warming. These ads are examples of \_\_\_\_\_ advertising.

|  |  |
| --- | --- |
| a. | advocacy |
| b. | selective |
| c. | product |
| d. | differential |
| e. | image |

\_\_\_\_ 55. Unlike advertising that establishes or maintains a company's identity, \_\_\_\_\_ advertising touts the benefits of a specific good or service.

|  |  |
| --- | --- |
| a. | selective |
| b. | cooperative |
| c. | advocacy |
| d. | image |
| e. | product |

\_\_\_\_ 56. Pioneering advertising, competitive advertising, and comparative advertising are all types of:

|  |  |
| --- | --- |
| a. | institutional advertising |
| b. | product advertising |
| c. | primary advertising |
| d. | commercial advertising |
| e. | commissioned advertising |

\_\_\_\_ 57. Which type of advertising is used to stimulate demand for a new product or product category?

|  |  |
| --- | --- |
| a. | Comparative |
| b. | Innovative |
| c. | Focused |
| d. | Image |
| e. | Pioneering |

\_\_\_\_ 58. \_\_\_\_\_ advertising compares two or more specifically named or shown competing brands on one or more specific attributes.

|  |  |
| --- | --- |
| a. | Contrasting |
| b. | Comparative |
| c. | Pioneering |
| d. | Superlative |
| e. | Differentiational |

\_\_\_\_ 59. Comparative advertising:

|  |  |
| --- | --- |
| a. | does not have high claim recall effectiveness |
| b. | has always been legal but is in bad taste |
| c. | allows advertisers to falsely describe the competition |
| d. | was not allowed before the 1970s if the other brands were mentioned by name or shown |
| e. | results in high recall of the brand name of the advertised goods, but not for the named, competing brand |

\_\_\_\_ 60. Which of the following statements about comparative advertising is true?

|  |  |
| --- | --- |
| a. | Comparative advertising is highly effective in Arabic countries. |
| b. | The FCC is the only federal agency that has any regulatory power over comparative advertising. |
| c. | Comparative advertising is often used for products experiencing strong growth. |
| d. | Comparative advertising is highly regulated and is illegal in certain countries. |
| e. | Comparative advertising is illegal in the United States. |

\_\_\_\_ 61. All of the following are types of consumer sales promotions EXCEPT:

|  |  |
| --- | --- |
| a. | coupons |
| b. | rebates |
| c. | premiums |
| d. | contests and sweepstakes |
| e. | push money |

\_\_\_\_ 62. To overcome low redemption rates for coupons, marketers are doing all of the following EXCEPT:

|  |  |
| --- | --- |
| a. | issuing fewer coupons and using more everyday low pricing |
| b. | shortening the time the coupon can be redeemed to create a feeling of urgency |
| c. | requiring multiple purchases to redeem the coupon |
| d. | distributing single all-purpose coupons that can be redeemed for several brands |
| e. | using instant coupons on product packages |

\_\_\_\_ 63. Kaye noticed Bounce fabric softener dryer sheets had a peel-off sticker worth $1.00 off that purchase. The peel-off stickers are:

|  |  |
| --- | --- |
| a. | premiums |
| b. | trade discounts |
| c. | purchase allowances |
| d. | in-store coupons |
| e. | functional allowances |

\_\_\_\_ 64. When Rick purchased a Xerox color printer for his law office, he was able to mail in a proof-of-purchase and his cash register receipt to receive a check from Xerox for $200. Rick received a:

|  |  |
| --- | --- |
| a. | premium |
| b. | trade allowance |
| c. | purchase allowance |
| d. | rebate |
| e. | functional discount |

\_\_\_\_ 65. When Darrell purchased a five-pound bag of 9 Lives cat food, he received a free can of the manufacturer's new gourmet cat food. The can of cat food is an example of a:

|  |  |
| --- | --- |
| a. | product placement |
| b. | trade sample |
| c. | contest |
| d. | premium |
| e. | loyalty incentive |

\_\_\_\_ 66. Whenever Jeff buys a box lunch at Heavenly Ham, he gets a stamp on his “Lunch Bunch” card. When he has 10 stamps, he can exchange the card for a free box lunch. This is an example of a(n):

|  |  |
| --- | --- |
| a. | self-liquidating premium |
| b. | frequent buyer program |
| c. | loyalty incentive |
| d. | in-store rebate |
| e. | consumer allowance |

\_\_\_\_ 67. Unlike other sales promotion activities, the objective of a loyalty marketing program is to:

|  |  |
| --- | --- |
| a. | encourage brand switching |
| b. | appeal to bargain hunters who consistently buy the lowest priced brand |
| c. | take away customers from the competition |
| d. | build long-term, mutually beneficial relationships between a company and its key customers |
| e. | modify customers' attitudes toward a product |

\_\_\_\_ 68. Seagram's Coolers has asked bartenders in New York City to submit cocktail recipes to its Web site. From these entries, the winning recipe will be selected. The winner of this \_\_\_\_\_ gets to take a friend on a five-night trip to Tahiti.

|  |  |
| --- | --- |
| a. | contest |
| b. | push money deal |
| c. | sampling |
| d. | relationship game |
| e. | sweepstakes |

\_\_\_\_ 69. Point-of-purchase promotions work best for:

|  |  |
| --- | --- |
| a. | high-involvement products |
| b. | purchases that require extensive decision making |
| c. | complex products that require technical knowledge to operate |
| d. | impulse buys |
| e. | expensive products like perfume and jewelry |

\_\_\_\_ 70. Which of the following statements about online sales promotions is true?

|  |  |
| --- | --- |
| a. | Internet sales promotions are more effective and cost-efficient at generating responses than their offline counterparts. |
| b. | One of the few types of sales promotion that cannot be used online is sampling. |
| c. | Online coupons have lower redemption rates than off-line coupons. |
| d. | Loyalty marketing programs are ineffective when used at Web sites to encourage traffic. |
| e. | There is no way for a marketer to build long-term, mutually beneficial relationships with customers online. |

\_\_\_\_ 71. For convenience, pricing objectives can be divided into three categories. They are:

|  |  |
| --- | --- |
| a. | refundable, competitive, and attainable |
| b. | perceived, actual, and unique-situational |
| c. | differentiated, niche, and undifferentiated |
| d. | profit oriented, sales oriented, and status quo |
| e. | monopolistic, fixed, and variable |

\_\_\_\_ 72. An organization is using \_\_\_\_\_ when it sets its prices so that total revenue is as large as possible relative to total costs.

|  |  |
| --- | --- |
| a. | profit maximization |
| b. | market share pricing |
| c. | demand-oriented pricing |
| d. | sales maximization |
| e. | status quo pricing |

\_\_\_\_ 73. When Insight Research Associates quotes a marketing research project management will first estimate the cost to conduct the research and produce and deliver the final client report. The next step in determining the price is to add 30% to that cost estimate. This becomes the price estimate given to the potential research client. This suggests that Insight Research Associates uses a(n) \_\_\_\_\_ pricing objective.

|  |  |
| --- | --- |
| a. | profit-oriented |
| b. | market share maximization |
| c. | status quo |
| d. | sales maximization |
| e. | supply-demand equalization |

\_\_\_\_ 74. Thompson Pool is known for quality pool installations, excellent customer service, and reasonable prices. If you want to have a Thompson pool you will have to wait about six months due to demand for their product. While Thompson could probably price their product higher, given the demand, they don’t. Instead, they set price so that they earn a reasonable level of profits. This company seems to base its pricing policy on:

|  |  |
| --- | --- |
| a. | profit maximization |
| b. | earning satisfactory profits |
| c. | creating retained earnings |
| d. | making the most money as possible |
| e. | decreasing consumer demand |

\_\_\_\_ 75. Sherrie is seven years old and wants to open a lemonade stand in her neighborhood. She is having a tough time deciding whether to base her pricing objectives on market share, dollar sales, or unit sales. Regardless of which she chooses, her pricing objective can be categorized as:

|  |  |
| --- | --- |
| a. | status quo |
| b. | profit oriented |
| c. | need oriented |
| d. | cost oriented |
| e. | sales oriented |

\_\_\_\_ 76. At a price of $1,192,057, the Bugatti Veyron may be the most expensive street legal car currently on the market today. Obviously, Bugatti is NOT using a \_\_\_\_\_ pricing objective in setting the price for this car.

|  |  |
| --- | --- |
| a. | inelastic or supply-oriented |
| b. | market share or sales maximization |
| c. | profit maximization or target return on investment |
| d. | status quo or satisfactory profits |
| e. | demand-oriented or supply-oriented |

\_\_\_\_ 77. \_\_\_\_\_ is a company’s product sales as a percentage of total sales for that industry.

|  |  |
| --- | --- |
| a. | Return on investment |
| b. | Profit share |
| c. | Revenue share |
| d. | Market share |
| e. | Contribution |

\_\_\_\_ 78. At the end of the summer, Howard Nursery reduced the price on all of its plants, fertilizer, and potting soil by 50 percent in order to liquidate this inventory. What type of pricing strategy is being used in this example?

|  |  |
| --- | --- |
| a. | supply oriented |
| b. | sales maximization |
| c. | target return on investment |
| d. | satisfactory profit |
| e. | profit maximization |

\_\_\_\_ 79. As a short-term pricing objective, \_\_\_\_\_ can be effectively used on a temporary basis to sell off excessive inventory.

|  |  |
| --- | --- |
| a. | profit maximization |
| b. | profit-oriented pricing |
| c. | status quo pricing |
| d. | sales maximization |
| e. | market share pricing |

\_\_\_\_ 80. Which of the following statements describes an advantage of status quo pricing?

|  |  |
| --- | --- |
| a. | Status quo pricing is derived from actual costs of manufacturing. |
| b. | Status quo pricing maintains the organization's differential advantage. |
| c. | Status quo pricing is active, not reactive. |
| d. | Status quo pricing causes price wars. |
| e. | Status quo pricing requires little planning. |

\_\_\_\_ 81. State laws that put a lower limit on wholesale and retail prices are called \_\_\_\_\_. In states that have these laws, selling below cost is illegal.

|  |  |
| --- | --- |
| a. | unfair trade practice acts |
| b. | price floor laws |
| c. | protectionism acts |
| d. | transparency laws |
| e. | price edicts |

\_\_\_\_ 82. States developed unfair trade practice acts to

|  |  |
| --- | --- |
| a. | enforce the Sherman Act that makes bait pricing illegal |
| b. | prevent oligopoly leaders from getting together and fixing prices at the highest the market will bear |
| c. | establish penalties for companies that break the Clayton Act by engaging in predatory pricing |
| d. | make sure that all pricing policies are equitable |
| e. | protect small, local firms from giant companies that operate efficiently on razor-thin profit margins |

\_\_\_\_ 83. In 2008 United Airlines and American Airlines disclosed settlements in a class-action lawsuit over allegations of airfreight price fixing. This means the companies \_\_\_\_\_.

|  |  |
| --- | --- |
| a. | tried to charge fees for air fright that were below costs |
| b. | charged customers different amounts for the same shipments |
| c. | agreed on the price they would charge customers for air freight |
| d. | used uniform geographic pricing |
| e. | created an artificial demand for shipping |

\_\_\_\_ 84. South Africa's Competition Commission accused South African Airways of conspiring with its partner, Germany's Lufthansa, to set prices on flights between Cape Town, Johannesburg, and Frankfurt. As a result, the two airlines were charged with:

|  |  |
| --- | --- |
| a. | price discrimination |
| b. | price fixing |
| c. | bait pricing |
| d. | unfair trade practices |
| e. | channel control pricing tactics |

\_\_\_\_ 85. Which of the following prohibits any firm from selling to two or more different buyers, within a reasonably short time, commodities (not services) of like grade and quality at different prices where the result would be to substantially lessen competition?

|  |  |
| --- | --- |
| a. | Sherman Act |
| b. | Federal Trade Commission Act |
| c. | Food and Drug Administration Act |
| d. | Anti-Discrimination Act |
| e. | Robinson-Patman Act |

\_\_\_\_ 86. Acme Lawnmowers sells its mowers to retailers at different prices, depending on whether they are independent stores or members of a national chain. It uses \_\_\_\_\_.

|  |  |
| --- | --- |
| a. | unfair trade practices |
| b. | price fixing |
| c. | price discrimination |
| d. | predatory pricing |
| e. | bait pricing |

\_\_\_\_ 87. All of the following elements must be present for a pricing practice to be considered discriminatory under the Robinson-Patman Act EXCEPT:

|  |  |
| --- | --- |
| a. | The seller must charge different prices to different customers for the same product. |
| b. | The seller must make two or more actual sales within a reasonably short time. |
| c. | The transaction must occur in interstate commerce. |
| d. | The products sold must not be commodities. |
| e. | There must be significant competitive injury. |

\_\_\_\_ 88. The practice of charging a very low price for a product with the intent of driving competitors out of business or out of a market is called:

|  |  |
| --- | --- |
| a. | price discrimination |
| b. | predatory pricing |
| c. | price fixing |
| d. | price manipulation |
| e. | anti-competitive pricing |

\_\_\_\_ 89. When Microsoft introduced its Zune MP3 player, many people thought it would capture the MP3 player market by pricing its product so low that a smaller competitor, like the Apple iPod, would be unable to compete. If Microsoft had used this approach it have been would be guilty of \_\_\_\_\_.

|  |  |
| --- | --- |
| a. | predatory pricing |
| b. | unfair trade practices |
| c. | channel manipulation pricing |
| d. | price fixing |
| e. | price discrimination |

\_\_\_\_ 90. All of the following are tactics for fine-tuning the base price EXCEPT:

|  |  |
| --- | --- |
| a. | functional discounts |
| b. | markdown money |
| c. | rebates |
| d. | quality discounts |
| e. | quantity discounts |

\_\_\_\_ 91. \_\_\_\_\_ is a company-wide business strategy designed to optimize profitability, revenue, and customer satisfaction by focusing on highly defined and precise customer segments.

|  |  |
| --- | --- |
| a. | Organizational optimization |
| b. | Consumer relationship marketing (CRM) |
| c. | Total quality management (TQM) |
| d. | Customer relationship management (CRM) |
| e. | Market aggregation |

\_\_\_\_ 92. At its most fundamental level, a CRM approach is no more than:

|  |  |
| --- | --- |
| a. | the relationship cultivated by a salesperson with a customer |
| b. | a mass marketing approach |
| c. | a transactional selling approach |
| d. | a customer satisfaction program |
| e. | a differentiation strategy |

\_\_\_\_ 93. To initiate the CRM cycle, a company must first:

|  |  |
| --- | --- |
| a. | establish marketing objectives |
| b. | captures relevant customer data on interactions |
| c. | identify customer relationships with the organization |
| d. | understand the interactions the company has with current customers |
| e. | Decides on a segmentation strategy |

\_\_\_\_ 94. A company that has a(n) \_\_\_\_\_ customizes its product offerings based on data generated through interaction between the customer and the company.

|  |  |
| --- | --- |
| a. | ethnocentric perspective |
| b. | supply-based focus |
| c. | sales orientation |
| d. | supply-based focus |
| e. | customer-centric focus |

\_\_\_\_ 95. Best Buy instituted a system in all of its stores that customizes their product offerings for the five key customer segments it has identified: affluent professional males, young entertainment enthusiasts, upscale suburban moms, families who are practical technology adopters, and small businesses with less than 20 employees. This focus implies that Best Buy is \_\_\_\_\_.

|  |  |
| --- | --- |
| a. | ethnocentric |
| b. | demand-based |
| c. | sales-centric |
| d. | supply-based |
| e. | customer-centric |

\_\_\_\_ 96. In a CRM environment, \_\_\_\_\_ is defined as the informal process of collecting customer information through customer contacts and feedback on product and service performance.

|  |  |
| --- | --- |
| a. | leveraging |
| b. | knowledge management |
| c. | interaction |
| d. | data mining |
| e. | learning |

\_\_\_\_ 97. \_\_\_\_\_ refers to the latitude organizations bestow on their representatives to negotiate mutually satisfying commitments with customers.

|  |  |
| --- | --- |
| a. | Consumer learning |
| b. | Customerization |
| c. | Empowerment |
| d. | Autonomy |
| e. | Interaction |

\_\_\_\_ 98. Best Buy’s Performance Service Plan (PSP) guarantees products against damage and malfunctioning. All initial purchase contact information is kept in the customer database, along with copies of the PSP. If a customer calls Best Buy with a problem, the representative will have access to all this information and can either help the customer or refer him or her to another representative. The availability of this customer information tends to:

|  |  |
| --- | --- |
| a. | reduce customer calls |
| b. | empower employees |
| c. | encourage referrals to other employees |
| d. | hurt employee morale |
| e. | increase the need for management supervision |

\_\_\_\_ 99. When Sony Playstation users want to access amenities on the Sony web site, they are required to log in and supply information such as their name, e-mail address, and birth date. They are also given the opportunity to complete a survey that captures much more information about the person and their gaming habits. Sony gathers this information and makes it available internally to better serve the customer. This is an example of a company using:

|  |  |
| --- | --- |
| a. | learned research |
| b. | stimulus/response marketing |
| c. | knowledge management |
| d. | sales-oriented marketing |
| e. | motivational research |

\_\_\_\_ 100. A(n) \_\_\_\_\_ is the point at which a customer and a company representative exchange information and develop learning relationships.

|  |  |
| --- | --- |
| a. | social contact |
| b. | interaction |
| c. | empowering moment |
| d. | equilibrium point |
| e. | transactional dyad |

**review chapters 11-21**

**Answer Section**

**MULTIPLE CHOICE**

1. ANS: E

All of these statements accurately describe a new-product strategy.

REF: 168-169

2. ANS: B

See Exhibit 11.1. New-product strategy is the first subset of the organization's new-product development plan. It specifies what roles new products play in the organization's overall plan and describes goals.

REF: 168

3. ANS: E

Customers, employees, distributors, and competitors are interacting with the marketplace and may have ideas for goods to serve customer needs.

REF: 169-170

4. ANS: E

Most new-product ideas are rejected at this stage, called the idea screening stage.

REF: 171

5. ANS: E

New-product ideas that survive the initial screening process move to the business analysis stage, where preliminary figures for demand, cost, sales, and profitability are calculated.

REF: 171

6. ANS: A

The development process works best when all the involved areas (R&D, marketing, engineering, production, and even suppliers) work together rather than sequentially, a process call simultaneous product development.

REF: 172

7. ANS: B

Suppliers are typically involved in the process, which shortens the length of time it takes to get a new product to market.

REF: 172

8. ANS: A

Test marketing is a limited introduction of a product and a marketing program to determine the reactions of potential customers in a market situation. The market city should be similar to the overall market for accuracy of results.

REF: 172-173

9. ANS: C

The text describes the activities of P&G, Quaker Oats, General Mills, and other companies that use online test marketing.

REF: 173

10. ANS: C

Commercialization is the decision to market a product.

REF: 173

11. ANS: E

The basic difference between services and goods is that services are intangible performances.

REF: 184

12. ANS: A

Search quality is a characteristic that can be easily assessed before purchase.

REF: 184

13. ANS: E

Experience quality is described as a characteristic that can be assessed after use.

REF: 184

14. ANS: A

A credence quality is a characteristic that consumer may have difficulty assessing even after purchase because they do not have the necessary knowledge or experience.

REF: 184

15. ANS: C

A credence quality is a characteristic that cannot easily be assessed even after purchase and experience.

REF: 184

16. ANS: C

Because services have greater heterogeneity, or variability of inputs and outputs, they tend to be less standardized.

REF: 184

17. ANS: E REF: 184

18. ANS: C

Heterogeneity means that a service tends to be less standardized and uniform than goods.

REF: 184

19. ANS: D

Perishability is the inability of services to be stored, warehoused, or inventoried.

REF: 184-185

20. ANS: B

Differential pricing tries to even out demand. This is important because services cannot be stored, inventoried, or warehoused.

REF: 184-185

21. ANS: C

This is the definition of taking title.

REF: 200

22. ANS: D

Taking title means they own the merchandise and control the terms of the sale.

REF: 200

23. ANS: A

Retailers and merchant wholesalers own the merchandise and control the terms of its ultimate sale.

REF: 200

24. ANS: A

This is the definition of a merchant wholesaler.

REF: 200

25. ANS: C

Agents and brokers simply facilitate the sale of a product from producer to end user.

REF: 200

26. ANS: A

See Exhibit 13.2.

REF: 200-201

27. ANS: C

Transactional functions include contacting and promoting, negotiating, and risk taking.

REF: 201

28. ANS: A

Logistical functions include physically distributing, storing, and sorting products.

REF: 201

29. ANS: E

See Exhibit 13.2.

REF: 201

30. ANS: B

This is the definition of logistics.

REF: 200

31. ANS: C

This describes a systems approach

REF: 214

32. ANS: B

Supply chain integration occurs when multiple firms in a supply chain coordinate their activities and processes so that they are seamlessly linked to one another in an effort to satisfy the customer.

REF: 214

33. ANS: A

This is the definition of role integration.

REF: 214

34. ANS: D

Technology and planning integration is the creation and maintenance of information technology systems that connect managers across and through the firms in the supply chain, with the goal of supporting supply chain activities that best satisfy customer demands.

REF: 214

35. ANS: D

By achieving technology and planning integration across their supply chains, firms can gain the information needed to execute short-term and long-term planning. The process is the creation and maintenance of information technology systems that connect managers across and through the firms in the supply chain, with the goal of supporting supply chain activities that best satisfy customer demands.

REF: 215

36. ANS: E

Both the retailer and its suppliers have a common vision of the total value creation process.

REF: 215

37. ANS: D

To provide a seamless and satisfying customer experience, everyone working within the firm must be “on the same page” in terms of daily operations.

REF: 215

38. ANS: E

Internal operations integration is the result of capabilities developed with the goal of linking internally performed work into a seamless process that stretches across functional and departmental boundaries.

REF: 215

39. ANS: E

Internal operations integration is the result of capabilities developed with the goal of linking internally performed work into a seamless process that stretches across functional and departmental boundaries.

REF: 215

40. ANS: A

The best way to deliver value under profitability constraints is through customer integration.

REF: 215

41. ANS: E REF: 246

42. ANS: E REF: 246

43. ANS: A REF: 246

44. ANS: E

Advertising is a form of sponsor-paid, impersonal one-way mass communication.

REF: 246

45. ANS: C

The total costs of advertising are typically high even though the cost of contact is low. To be advertising, the communication must be paid for. Innovative media are used in advertising. The signs are a form of advertising because they are paid for and they identify their sponsors.

REF: 246

46. ANS: B

Publicity is public information about a company, product, or issue appearing in the mass media as a news item.

REF: 247

47. ANS: A REF: 246

48. ANS: D REF: 247

49. ANS: C

Publicity is public information in mass media about a company and its products.

REF: 247

50. ANS: A REF: 247

51. ANS: B

This is the definition of institutional advertising.

REF: 263

52. ANS: E

Institutional advertising is designed to enhance the image of the company and asks for no action except maintaining a favorable attitude toward the advertiser and its goods and services.

REF: 263

53. ANS: A

This is the definition of advocacy advertising.

REF: 263

54. ANS: A

Advocacy advertising is a means for organizations to express their viewpoints on various controversial issues or respond to media attacks.

REF: 263

55. ANS: E

This is the definition of product advertising.

REF: 263

56. ANS: B

Product advertising promotes the benefits of a specific good or service, and the types used are pioneering, competitive, and comparative advertising.

REF: 263-264

57. ANS: E

This is the definition of pioneering advertising and is heavily utilized during the introductory stage of the product life cycle.

REF: 263

58. ANS: B

This is the definition of comparative advertising.

REF: 264

59. ANS: D

Comparative advertising compares two or more specifically named or shown competing brands on one or more specific attributes; it was illegal before the 1970s.

REF: 264

60. ANS: D

Comparative advertising is not consistent with social values in Arabic countries and is not effective there. The FTC has regulatory power over comparative advertising. Comparative advertising is often used for products with sluggish growth. Comparative advertising is legal and encouraged in the United States.

REF: 264

61. ANS: E

Push money is a form of trade sales promotion.

REF: 284

62. ANS: C

Marketers are not requiring multiple purchases to redeem the coupon--that would probably reduce redemption rates even more.

REF: 281

63. ANS: D

A coupon is a certificate that entitles consumers to an immediate price reduction when they buy the product. In-store coupons have become popular because they are more likely to influence customers’ buying decisions.

REF: 281

64. ANS: D

A rebate is a cash refund given for the purchase of a product during a specific period.

REF: 281

65. ANS: D

A premium is an item offered, usually with proof of purchase, to the consumer.

REF: 281

66. ANS: B

A frequent buyer program rewards loyal customers for multiple purchases.

REF: 281

67. ANS: D

Sales promotions are more efficient at changing behavior than attitudes.

REF: 281

68. ANS: A

Contests are promotions in which participants use some skill or ability to compete for prizes.

REF: 282

69. ANS: D

Point-of-purchase promotions are most effective for impulse items.

REF: 283

70. ANS: A

Customer loyalty programs are very effective on Internet sites to build customer loyalty. Sampling is a sales promotion option that can be effectively used by Internet businesses. Online coupons have a higher redemption rate than offline ones.

REF: 283-284

71. ANS: D

Profit-oriented objectives include profit maximization, satisfactory profits, and target return on investment. Sales-oriented pricing objectives are based either on market share or on dollar or unit sales. Status quo pricing seeks to maintain existing prices or to meet the competition’s prices.

REF: 296-298

72. ANS: A

Profit maximization is a type of profit-oriented pricing objective and means setting prices so that total revenue is as large as possible relative to total costs.

REF: 296

73. ANS: A

Targeted ROI is one of the most common types of profit-oriented pricing objectives used.

REF: 296-297

74. ANS: B

The objective of satisfactory profits is characterized by seeking a level of profits that is satisfactory to management and owner(s).

REF: 297

75. ANS: E

Sales-oriented pricing objectives are based on either market share or dollar or unit sales.

REF: 297

76. ANS: B

A lower price allows a company to maximize sales and build market share.

REF: 298

77. ANS: D

This is the definition of market share, and sales can be reported in dollars or in units of product.

REF: 297

78. ANS: B

Sales maximization ignores profit and competition for the purpose of raising cash.

REF: 298

79. ANS: D

Sales maximization pricing is a short-term price reduction to increase sales.

REF: 298

80. ANS: E

Status quo pricing requires little planning because it involves just copying the competitions' pricing policies.

REF: 298

81. ANS: A

Unfair trade practice acts are laws that prohibit wholesalers and retailers from selling below cost.

REF: 316

82. ANS: E

Unfair practice acts protect small businesses.

REF: 316

83. ANS: C

Price fixing is an agreement between two or more firms on the price they will charge for a product.

REF: 317

84. ANS: B

Price fixing is an agreement between two or more firms on the price they will charge for a product.

REF: 317

85. ANS: E

The Robinson-Patman Act also makes it illegal for a seller to offer two buyers different supplementary services and for buyers to use their purchasing power to force sellers into granting discriminatory prices or services.

REF: 317

86. ANS: C

Price discrimination occurs when sellers charge different customers different prices for the same products.

REF: 317

87. ANS: D

The products sold must be commodities or other tangible goods.

REF: 317

88. ANS: B

Firms using predatory pricing charge very low prices, and once competitors have been driven out, the firm raises its prices.

REF: 318

89. ANS: A

Predatory pricing is the practice of charging a very low price for a product with the intent of driving competitors out of business or out of a market.

REF: 318

90. ANS: D

Additional tactics include cash discounts, seasonal discounts, promotional allowances, zero percent financing, and value-based pricing.

REF: 318-319

91. ANS: D

CRM focuses on understanding customers as individuals instead of as part of a group.

REF: 329

92. ANS: A

Fundamentally, a CRM approach is no more than the relationship cultivated by a salesperson with the customer.

REF: 330

93. ANS: C

To initiate the CRM cycle, a company must first identify customer relationships with the organization.

REF: 330

94. ANS: E

A customer-centric focus is represented by adherence to the marketing concept.

REF: 331

95. ANS: E

A customer-centric focus is represented by adherence to the marketing concept.

REF: 331

96. ANS: E

The informal process of collecting customer information through customer contacts and feedback on product and service performance is learning.

REF: 332

97. ANS: C

Empowerment is the delegation of authority to solve customers’ problems quickly--usually by the first person that the customer notifies regarding the problem.

REF: 332

98. ANS: B

Empowerment refers to the latitude organizations bestow on their representatives to negotiate mutually satisfying commitments with customers.

REF: 332

99. ANS: C

Knowledge management is the process by which learned information from customers is centralized and shared in order to enhance the relationship between customers and the organization.

REF: 332

100. ANS: B

An interaction is a touch point at which a customer and a company representative exchange information and develop learning relationships, but with CRM, it is the customer, not the organization, that defines the terms of the interaction.

REF: 332