**Semester Two Exam**

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1. Five years after a new product has been introduced, sales begin to level off because customers are

purchasing the competitor's brand. What strategy would be most appropriate to use in this situation?

A. Take the product off the market

B. Do nothing; fluctuations in sales are common

C. Modify the product to renew customer interest

D. Triple the advertising budget for the product

PM:0l01/3.01

2. Why is the quality level of a product an important product/service management decision?

A. It identifies a product's brand. C. It protects consumers.

B. It reflects the image of the business. D. It refers to the way the product works.

PM:001/3.01

3. Which activity is addressed in the product/service management function?

A. Setting discounts to clear products from inventory

B. Determining where products will be offered for sale

C. Focusing promotional activities on a new-product release

D. Eliminating products that are slow sellers

PM:001/3.01

4. Which of the following is a way that a business can extend the life cycle of an established product?

A. By promoting the product to current users C. By restricting distribution

B. By finding new uses for the product D. By attracting consumers who are innovators

PM:024/3.01

5. Why does a company need to know what stage of the product life cycle its products are in?

A. To prevent imitators from entering the market C. To predict the length of the life cycle

B. To find new uses for the product D. To adapt its marketing strategies

PM:024/3.01

6. Why might profits sometimes decline for the company that first introduced the product during the growth

stage of a product's life cycle?

A. Because sales decline in the growth stage

B. Because marketing strategies are adjusted

C. Because competitors have entered the market

D. Because production is more efficient

PM:024/3.01

7. What is a technologically advanced method that allows businesses to produce products that are

specialized for a very few customers?

A. Intermittent conversion C. Computerized robotics

B. Automatic production D. Mass customization

PM:039/3.01

8. What is one way businesses use computer technology to obtain information to improve their

product/service mix?

A. Mailing questionnaires to customers C. Compiling detailed databases

B. Tracking visitors to their web sites D. Preparing interactive software programs

PM:039/3.01

9. Which of the following technological tools helps a business's employees simultaneously access the

same information about the business's products?

A. Memory card C. Intranet

B. Micro-portal D. Generator

PM:039/3.01

10. What is an example of an ethical issue that a product/service manager might face?

A. Use of color on the label C. Use of packaging as a means of promotion

B. Use of environmentally friendly packaging D. Use of nutrition information on a food label

PM:040/3.01

**Semester Two Exam**

*Marketing Principles* Course Guide

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11. Which of the following is an unethical situation in product/service management?

A. Vincent Electronics discontinues production of a slow-moving solar calculator.

B. Travis Manufacturing uses recycled materials for its product packaging.

C. Donna's Dress Boutique obtains deep discounts from a new clothing designer.

D. The Simpson Company embellishes the information that it places on its product labels.

PM:040/3.01

12. Company XYZ sells condensed soups and promotes them by saying, "Great taste, great price."

Company XYZ is positioning its product according to what strategy?

A. Relationship to other products C. Unique characteristics

B. Features and benefits D. Price and quality

PM:042/3.02

13. A company advertises that its products are durable, lightweight, and come in a variety of colors. What

strategy is the company using to position its product?

A. Price and quality C. Unique characteristics

B. Features and benefits D. Relationship to other products

PM:042/3.02

14. A company that makes ink pens claims that no other pen on the market uses a type of ink that changes

color when exposed to light. The company is positioning its product according to what strategy?

A. Price and quality C. Unique characteristics

B. Features and benefits D. Relation to other products in a line

PM:042/3.02

15. Why do companies use brands for their products?

A. To differentiate their products C. To encourage materialism

B. To charge higher prices D. To demonstrate creativity

PM:021/3.02

16. In what stage of brand loyalty do people become aware of the brand?

A. Recognition C. Insistence

B. Satisfaction D. Preference

PM:021/3.02

17. How do channel members add value to a product?

A. By performing certain channel activities expertly

B. By making the product more costly

C. By making the product available in all locations

D. By pursuing individual goals

CM:001/3.05

18. What do marketers want to achieve by determining distribution intensity?

A. Ideal market exposure C. Perfect market balance

B. Complete market coverage D. Total market saturation

CM:001/3.05

19. When is it best for a business to use an exclusive distribution pattern?

A. It prefers to have its intermediaries promote the product.

B. It needs to maintain tight control over a product.

C. It chooses to eliminate intermediaries.

D. It wants the product to be available in all possible locations.

CM:001/3.05

20. Which of the following is an aspect of channel management that impacts customer service?

A. Advertising C. Protectionism

B. Taxes D. Timeliness

CM:002/3.05

21. What is one action that customer service can take to facilitate order processing?

A. Negotiate aggressively C. Communicate effectively

B. Oversee assembly D. Monitor inventory

CM:002/3.05

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22. Which situation hinders a business's ability to provide quality customer service?

A. Supply channel has high flexibility levels. C. Post-sale support is responsive.

B. Vendor consistently has back orders. D. Distribution patterns are operational.

CM:002/3.05

23. What is an advantage for producers in using the producer to wholesaler to retailer to consumer

distribution channel?

A. It enables them to control channel activities.

B. Wholesalers do not take title to the goods.

C. Wholesalers usually buy in large quantities.

D. It enables them to reach large retailers directly.

CM:003/3.05

24. What indirect channel of distribution is used to reach large retailers when the producer does not want

responsibility for the selling activities?

A. Producer to wholesaler to retailer to consumer

B. Producer to agent to retailer to consumer

C. Producer to consumer

D. Producer to retailer to consumer

CM:003/3.05

25. What example demonstrates the use of satellite tracking within a distribution channel?

A. An inventory specialist enters product status information into a handheld electronic device.

B. A computer system performs warehouse functions that are usually executed by humans.

C. A technological system creates an efficient routing plan for transportation companies.

D. A dispatcher has current knowledge of a delivery truck's location and destination.

CM:004/3.05

26. What statement is true about technology in relation to channel management?

A. Some businesses have the capacity to distribute most or all of their products through the

Internet.

B. Because technology continues to evolve, vertical conflict among channel members is occurring

less often.

C. Technological advancements generally require businesses to increase the number of

intermediaries they use.

D. For most businesses, technology makes it more difficult to monitor the channel members'

activities.

CM:004/3.05

27. What factor could determine legal ownership of goods in the distribution process?

A. Country in which the product is produced C. Involvement of agents

B. Availability of the product D. Physical characteristics of the product

CM:005/3.05

28. What legal example is represented by a manufacturer selling its products through a toll-free phone

system, a company web site, and several retailers?

A. Restricted sales territories C. Tying agreements

B. Exclusive dealing D. Dual distribution

CM:005/3.05

29. In which situation might exclusive distribution be considered a legal arrangement?

A. A business prevents a competitor's product from entering the market.

B. A franchisor requires a franchisee to sell only the franchisor's products.

C. A distributor requires a customer to buy all of its products to obtain one product.

D. A manufacturer assigns an exclusive territory to restrict competition.

CM:005/3.05

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30. Which of the following is an example of distributing goods through a gray-market strategy?

A. An Asian-based company establishes an Internet web site to sell its cleaning products directly

to European consumers.

B. A franchisee obtains a license to sell a well-recognized brand of tires through her/his

dealership.

C. A pharmacy sells brand medications to customers in foreign countries for a lower price than

they can get domestically.

D. A local jewelry store has exclusive distribution rights to sell expensive wristwatches for a Swiss

manufacturer.

CM:006/3.05

31. What is an example of a large business using coercion in the distribution channel?

A. Buying products from unauthorized intermediaries

B. Requiring a specific type of packaging material

C. Threatening to stop using a supplier unless given major concessions

D. Returning shipments without proper authorization

CM:006/3.05

32. What is an example of a topic that would be addressed in an informational message?

A. Request for payment on a past-due account C. Charitable appeal for a corporate donation

B. Date and time of appointment with customer D. Invitation to speak at a national conference

CO:039/4.08

33. How should the information be presented when writing informational messages?

A. In the order of importance C. In a conversational way

B. In the shortest way possible D. In a nonspecific manner

CO:039/4.08

34. What is a reason why a businessperson might write a letter of inquiry?

A. To forward a document C. To request an appointment

B. To acknowledge an order D. To complain about a product

CO:040/4.08

35. When writing a letter of inquiry, when should you identify the purpose of your letter?

A. Once the recipient has agreed to meet with you

B. After describing your company

C. At the beginning of the letter

D. After identifying what prompted your inquiry (such as an advertisement)

CO:040/4.08

36. What is an example of marketing information that a business could gather by surveying its customers?

A. Planned product improvements C. Location of the company's market

B. The company's current market share D. Financial status of competitors

IM001/4.03

37. Which characteristic of useful marketing information is represented by the statement "The benefits of

using the information should be greater than the expense of gathering the data used to generate this

information"?

A. Timeliness C. Relevancy

B. Accessibility D. Cost-effectiveness

IM001/4.03

38. Why do marketers continue to gather information?

A. Today's consumers are easy to please.

B. The marketing environment is constantly changing.

C. Marketers are decreasing their geographic scope.

D. Competition in general has decreased.

IM025/4.03

39. How can researchers protect the integrity of the marketing information they collect?

A. By organizing it logically C. By publishing it openly

B. By reviewing it frequently D. By interpreting it correctly

IM025/4.03

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40. What is an important ethical issue involved with the collection and use of marketing information?

A. Adaptability C. Confidentiality

B. Standardization D. Commercialization

IM025/4.03

41. A major credit-card company has hired a marketing-research firm to conduct a survey regarding the use

of consumer credit. Would it be considered ethical to use the database information collected in a direct

marketing campaign?

A. No, businesses should not undertake any non-research activities involving data collected.

B. Yes, the consumers know surveys are just a way to get information for advertising.

C. No, the database is probably not a reliable source of marketing information.

D. Yes, the credit-card company paid for the research and should be able to use it any way it

wants.

IM025/4.03

42. Why do many businesses place a cookie on a user's hard drive when the user visits the business's web

site?

A. To regulate the user's access to information

B. To make it easy for the user to find the web site

C. To track the number of times the user buys a product

D. To guarantee that the web site is secure

IM:183/4.03

43. How can businesses use computerized databases to sort and organize information about customers'

purchases, brand preferences, and dollar amounts spent?

A. To maintain sales strategies C. To develop inventory control plans

B. To prepare financial reports D. To customize its marketing efforts

IM:183/4.03

44. How can using a database to track its customers' preferences and buying habits help a business?

A. Decreases the need to analyze marketing activities

B. Obtains additional deductions for its semi-annual tax return

C. Reduces unnecessary operational expenses

D. Builds strong, loyal customer relationships

IM:183/4.03

45. Which situation is an example of SUGGING?

A. A salesperson offers a customer the opportunity to try an expensive product free of charge.

B. A telemarketer asks a customer if s/he knows anyone who would want to buy a certain product.

C. A marketer tells a customer that s/he is conducting research, and then begins a sales pitch.

D. A business promotes a product by sending samples to its customers without authorization.

IM:419/4.03

46. What is the most significant reason why marketing research is important to businesses?

A. It makes competitors take notice of the business.

B. It improves financial management.

C. It contributes to business success.

D. It helps the business to base decisions on opinions.

IM:010/4.04

47. How could a business use marketing-research data it has gathered about the average age, income,

educational levels, and spending patterns of area consumers?

A. To identify problems within the business

B. To create a mailing list for the business

C. To develop a profile of the typical customer

D. To establish an appropriate operating budget

IM:010/4.04

48. What is an advantage of using secondary data in a marketing-research project?

A. Less expensive to collect than primary data C. Less likely to be available to competitors

B. More up-to-date than primary data D. More relevant than primary data

IM:010/4.04

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49. What research option usually answers questions related to "how many"?

A. Intelligence C. Syndicated

B. Quantitative D. Economic

IM:281/4.05

50. What is an example of a secondary source of data that a business can obtain internally?

A. Trade journal C. Government web site

B. Sales report D. Magazine article

IM:281/4.05

51. What type of research is intended to obtain detailed data about customers' opinions and experiences?

A. Sampling C. Observation

B. Qualitative D. Forecasting

IM:281/4.05

52. Which statement about marketing research problems is true?

A. Problems that company decision-makers identify are often just symptoms of larger problems

that need to be researched.

B. Company decision-makers typically finalize marketing research problems prior to involving

marketing researchers.

C. Marketing research problems are commonly based on specific research objectives and

research instruments.

D. Marketing research problems are usually only needed when marketing researchers plan to

gather external information.

IM:282/4.04

53. What is a benefit of having managers and researchers "on the same page" about the marketingresearch

problem?

A. It allows the two parties to avoid establishing research objectives.

B. It keeps the business from wasting resources.

C. It ensures favorable results from the study.

D. It improves the business's market share.

IM:282/4.04

54. What research approach do businesses often use to test new product ideas?

A. Questioning C. Recording

B. Technological D. Experimental

IM:284/4.04

55. What type of research would a business conduct if it wanted to identify potential issues or

opportunities?

A. Descriptive C. Exploratory

B. Experimental D. Causal

IM:284/4.04

56. A business has identified a sample of the population that it plans to survey to determine who is using

their product in a foreign country. What research design should it use?

A. Exploratory C. Descriptive

B. Causal D. Experimental

IM:284/4.04

57. What question does establishing a sampling plan for a research project answer?

A. What type of product to study C. When to conduct an interview

B. How many people to survey D. Why the issue is important

IM:285/4.05

58. The TUV Company wants to conduct marketing research by surveying a sample of its vast customer

base. What should companies use to reduce the possibility of bias?

A. Personal interviews C. Referral sampling

B. Telephone interviews D. Random sampling

IM:285/4.05

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59. When marketers sampled 100 15-year-old girls, they found that they all were 5 feet 2 inches tall. What

type of sampling error contributed to this finding?

A. Non-response C. Chance

B. Interviewer bias D. The way the question was asked

IM:285/4.05

60. A university is considering changes to its business administration degree. To obtain feedback on the

idea from students, the university selects a sample of business majors who are seniors. What type of

sampling did the university use?

A. Cluster C. Stratified random

B. Proportionate D. Simple

IM:285/4.05

61. The SBU Company developed a survey in which respondents are provided the same number of

favorable and unfavorable rating options. What type of scale has this survey used?

A. Sequential C. Spliced

B. Continuous D. Balanced

IM:286/4.06

62. What type of scale is a firm using when a survey format has a seven-point rating system consisting of

opposite adjectives on each end of the scale?

A. Semantic differential C. Stapel

B. Likert D. Random rating

IM:286/4.06

63. What is a common method of collecting research data that often involves the use of questionnaires?

A. Case study C. Message board

B. Mail survey D. Behavior chart

IM:289/4.06

64. What data-collection method can be used to obtain product information during the point-of-purchase

process?

A. Volume-tracking scanner C. E-mail survey

B. Photographic scanner D. Statistical survey

IM:289/4.06

65. What is the most appropriate data-collection method to use when a business wants to determine how

its employees interact with customers?

A. Experiment C. Employee survey

B. Observation D. Telephone interview

IM:289/4.06

66. What is an example of a marketing-research method that is used to collect primary data?

A. Customer survey C. Trade-journal article

B. Census data D. External reports

IM:289/4.06

67. How can ill-designed questionnaires affect survey participants?

A. Can make them question the survey's purpose

B. Can decrease their response rate

C. Can decrease their desire to answer personal questions

D. Can make them take their time to complete the survey

IM:418/4.06

68. When should researchers ask potentially sensitive questions during an interview?

A. Toward the end of the interview

B. At the beginning of the interview to get them out of the way

C. Throughout the interview

D. At the mid-point of the interview to allow time for the researcher to build rapport

IM:418/4.06

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69. What costs do businesses usually include in the price of their products?

A. Regulations C. Transportation

B. Inflation D. Orientation

PI:001/3.04

70. What would be the most appropriate pricing strategy for a business in a small town where

unemployment has skyrocketed and the economy is in a downturn?

A. Below-cost pricing C. Odd-cents pricing

B. High-level pricing D. Flexible pricing

PI:001/3.04

71. What pricing tactic might be considered questionable by some businesses?

A. Matching the prices of a competitor C. Marking up prices to earn a profit

B. Developing a complex pricing structure D. Providing a reference price

PI:015/3.04

72. What is an example of an unethical pricing practice?

A. A company prices its products low in an attempt to drive its competitors out of business.

B. A business increases its prices when the cost of the materials to make the products increases.

C. A firm sets a business objective to increase its profit margins over the next five years.

D. A business prices a new product line to reflect high quality and status.

PI:015/3.04

73. What is the advantage to a business of using bar-code pricing?

A. Easier for customers to read

B. Reduces required business security

C. Easier to change prices

D. Reduces number of employees needed for sales

PI:016/3.04

74. How does technology help businesses when it enables them to obtain and analyze vast amounts of

information that impacts the pricing function?

A. By generating profit-and-loss statements

B. By deciding how much to spend on advertising

C. By calculating the cost of hiring more employees

D. By determining the best time to adjust prices

PI:016/3.04

75. A business charges a small company a higher price for a product than it charges a large company for

the same product. What does this represent?

A. Price discrimination C. Price competition

B. Controlled pricing D. Regulated pricing

PI:017/3.04

76. Companies A, B, and C sell similar products. Together, they recently decided to sell their products for

the same price. In what unethical activity are the businesses engaging?

A. Bait-and-switch C. Loss-leader pricing

B. Price fixing D. Gray markets

PI:017/3.04

77. What is an external factor that affects the price that a business charges for its products?

A. Operating costs C. Economic conditions

B. Variable expenses D. Employee benefits

PI:002/3.04

78. Why do some new companies set their selling prices as low as they can?

A. To eliminate all possible competition C. To earn a high return on investment

B. To get market share as fast as possible D. To quickly make a large profit

PI:002/3.04

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79. How do companies make brand promises to their customers?

A. They provide customers with a sworn statement.

B. They meet or exceed customer expectations on a consistent basis.

C. Salespeople verbally make brand promises to each customer.

D. They fulfill special requests for customers.

PM:206/3.03

80. Why must all businesses incorporate their values into every aspect of their operations?

A. This will reinforce their promises to customers and build the brands.

B. It is less expensive to operate if everyone buys into the same thing.

C. It gives businesses something interesting to advertise.

D. There will be less employee resistance if there is a standard philosophy.

PM:206/3.03

81. What is an example of an external factor that affects promotion?

A. Reorganization of the business C. Government regulation of ads

B. Increase in a product's price D. A change in distribution methods

PR:001/4.01

82. How does promotion benefit customers?

A. Causes them to postpone making buying decisions

B. Enables them to identify their buying motives

C. Helps them to select appropriate products

D. Requires them to spend more on products

PR:001/4.01

83. What type of promotion is depicted by a business's one-time announcement of its half-price sale in the

local newspaper?

A. Product promotion C. Free publicity

B. Institutional advertising D. Sales promotion

PR:002/4.01

84. What is an objective of institutional advertising?

A. To support personal selling activities

B. To demonstrate the organization's role in community affairs

C. To introduce new goods or services

D. To create consumer interest in the company's goods or services

PR:002/4.01

85. In which stage of a product's life cycle do promotional activities focus on differences between

competing products?

A. Introductory C. Declining

B. Growth D. Introduction

PR:003/4.01

86. What form of promotion is generally emphasized for complex, technical products sold to industrial

users?

A. Personal selling C. Publicity

B. Sales promotion D. Advertising

PR:003/4.01

87. How do competing businesses within the same industry usually react to each other's promotional

mixes?

A. By playing follow the leader C. By trying not to outdo each other

B. By reducing their promotional budgets D. By changing distribution channels

PR:003/4.01

88. What is an example of publicity?

A. Company news release C. Billboard

B. Direct mail D. Company television commercial

PR:003/4.01

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89. What is an example of advertisement stereotyping?

A. A television commercial depicts a woman mopping the kitchen with a new floor cleaner.

B. A print ad shows a middle-aged male pouring orange juice in glasses for his children.

C. A magazine ad campaign presents a variety of people who encourage others to drink milk.

D. A well-known athlete records a PSA that emphasizes the importance of continuing education.

PR:099/4.01

90. Which advertising message reinforces the concept of materialism?

A. We make this product by hand and use organic materials.

B. The government rates our product higher than our competitor's product.

C. You can increase your social status by purchasing this product.

D. For more information about our line of products, visit our web site.

PR:099/4.01

91. What is new technology enabling businesses to create that is impacting the promotion function?

A. Personalized premiums C. Publicity campaigns

B. Attractive commercials D. Individualized messages

PR:100/4.01

92. How have technological advancements enhanced a small business's ability to promote its products?

A. Most companies need fewer channels to coordinate and carry out promotional activities.

B. Small companies now have more money to spend on promotional activities.

C. Less time and creativity are required to develop effective promotional campaigns.

D. Information can be communicated by more venues, and messages can be customized.

PR:100/4.01

93. Why are there specific guidelines for advertising to children?

A. Research indicated that juvenile offenders watched more advertising on television than the

average child.

B. Children are impressionable, and the wrong kinds of advertising can affect their development.

C. Parents mounted a campaign against advertisers because their children demanded products

they saw advertised.

D. Children revealed, in focus groups, that while they like watching ads, it doesn't make them

behave differently.

PR:101/4.01

94. Which statement is true about regulating international promotional activities?

A. Most countries have a system of checks and balances to verify that promotion regulations are

fair.

B. Businesses must submit all promotional materials to the International Ad Coalition for approval.

C. Governments bear the sole responsibility of monitoring promotional materials and regulations.

D. A business must understand that the laws governing promotional activities vary by country.

PR:101/4.01

**Semester Two Exam**

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95. Why are promotional media such as newspapers and television referred to as mass media?

A. They can present large amounts of promotion.

B. They direct promotions to a specific audience.

C. They reach a lot of people at the same time.

D. They try to meet the needs of many businesses.

PR:007/4.02

96. What is an example of out-of-home media?

A. A poster on the wall of a subway station

B. An eye-appealing card placed in a mailbox

C. A calendar imprinted with a company's name

D. An electrical sign located in a high-traffic area

PR:007/4.02

97. What is a benefit to businesses of positive word-of-mouth communication?

A. Increased product mix C. Increased sales

B. Decreased advertising costs D. Decreased operating expense

PR:247/4.02

98. What best describes the goal of amplified word-of-mouth?

A. Improving the quality of goods and services the business offers

B. Encouraging customers to provide both positive and negative feedback

C. Building loyal relationships with the customers

D. Providing information to activists to share with others

PR:247/4.02

99. Alexandria has been using Look-So-Good cosmetics for several years and would not consider changing

brands. In fact, Alexandria likes the cosmetics so much that she has become an advocate for the

cosmetic company. She tells everyone about the features and benefits of Look-So-Good products, and

encourages them to try the cosmetics. What type of word-of-mouth marketing is Alexandria using?

A. Mobile marketing C. Shill marketing

B. Organic marketing D. Virtual marketing

PR:247/4.02

100. A small retail chain that sells specialized products for sports enthusiasts is located in a resort area that

receives most of its business during the summer. To increase year-round sales, management wants to

use direct-mail advertising. What format should you recommend that the retail chain use?

A. Computer kiosks C. Box-holder flyers

B. Cable television shopping channels D. Niche catalogs

PR:089/4.02

101. What is a common thread among all direct advertising strategies?

A. They try to get consumers' attention by communicating in the most unusual ways possible.

B. They use a proven creative technique, with a strong headline and little copy.

C. They communicate with all consumers as one group with common likes and dislikes.

D. They intend to motivate the consumer to take action.

PR:089/4.02

102. What is an example of a successful direct-response advertisement?

A. A person orders an exercise machine by telephone after viewing an infomercial.

B. A movie theater shows several previews of new films and video releases.

C. A popular tourist attraction places a billboard in a remote location.

D. A local grocer distributes discount coupons to local businesses.

PR:089/4.02

103. Ben recently purchased a cellular telephone. The manufacturer provided a form and a special code with

the telephone's packaging. Ben completed the form, copied his sales receipt, and mailed these items

back to the manufacturer along with the part of the packaging that contained the special code. Within

six weeks, Ben received a $50 check from the telephone manufacturer. What type of sales-promotion

technique was used?

A. Warranty C. Sweepstakes

B. Coupon D. Rebate

PR:249/4.02

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104. During one scene of a popular television show, an actor pours a box of brand-name cereal into a bowl

and begins to eat it. What does this exemplify?

A. Brand awareness C. Brand identification

B. Product placement D. Product programming

PR:249/4.02

105. What is a common communications channel used in public relations?

A. Billboards C. Product displays

B. Trade shows D. Press releases

PR:250/4.02

106. What communication channels is a corporation's public-relations department most likely to use to

maintain positive relationships with shareholders?

A. Press releases, online social networks, and print advertisements

B. Newsletters, annual reports, and the company's web site

C. News conferences, consumer blogs, and employee manuals

D. Policy manuals, commercials, and sponsorships

PR:250/4.02

107. What does a business need to do to build a clientele?

A. Know customers personally C. Provide friendly, courteous service

B. Change the product mix frequently D. Provide a wide variety of services

SE:828/4.07

108. "Toni is always patient and courteous. She seems to have a sincere interest in our satisfaction." What

key factor in building a clientele is Toni exhibiting?

A. Customer confidentiality C. Persistence

B. Service attitude D. Credibility

SE:828/4.07

109. What effect does building a clientele have on selling costs?

A. Increases them because salespeople earn less in bonuses and commissions

B. Reduces them because making a repeat sale costs less than making an initial sale

C. Reduces them because salespeople earn more in bonuses and commissions

D. Increases them because making an initial sale costs more than making a repeat sale

SE:828/4.07

110. Which situation demonstrates ethical behavior in selling?

A. Tom tells Mrs. Smith she can save $100 by purchasing a vacuum cleaner without the carpet

attachment, because she has hardwood floors.

B. Mrs. Thompson tells John she cannot give him a raise, so he should claim additional expenses

on his monthly expense account to make up for it.

C. Ron tells the customer she can save an additional $25 if she makes her check out to him

instead of the company.

D. Mayhew's raises prices on its clothing prior to a 25%-off sale so customers can feel good about

the amount of money they are saving.

SE:106/4.07

111. How can a reciprocal sales arrangement between a buyer and seller create an unethical situation?

A. Ethical issues can occur when the reciprocity hurts or eliminates competition.

B. Reciprocal sales arrangements usually result when a breach of warranty occurs.

C. Ethical issues usually occur when the reciprocity is technological in nature.

D. Reciprocal sales arrangements almost always create price discrimination.

SE:106/4.07

112. Caroline is unable to travel to a client's office but needs to demonstrate product features and be able to

answer questions as they arise. What technology tool would be helpful to her in making a sale?

A. High-tech sales-support office

B. Web presentation combined with a teleconference

C. Cell phone with wireless faxing

D. PowerPoint presentation on CD

SE:107/4.07

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113. What technology allows the Gateway Insurance Group to match its agents with policyholders by

aligning its agents with market potential?

A. Database software C. Mapping software

B. Outbound telemarketing D. Inbound telemarketing

SE:107/4.07

114. What is a sales practice that may be considered illegal?

A. Noncompete clauses C. Competitive bids

B. Executive contracts D. Tying arrangements

SE:108/4.07

115. What type of laws protect consumers from unethical selling practices, such as high-pressure sales

techniques?

A. Limited-probationary C. Conditional-sales

B. Cooling-off D. Buyer-withdrawal

SE:108/4.07

116. What is an illegal selling practice that is regulated because it reduces competition?

A. Incentive contracts C. Exclusive dealing

B. Product labeling D. Discount pricing

SE:108/4.07

117. What is the most important component of an effective business letter?

A. Opening C. Address

B. Message D. Heading

C0:133/4.08

118. What is one reason why an employee might write a business letter?

A. To apply for personal credit C. To communicate with friends

B. To accept a social invitation D. To sell goods and services

CO:133/4.08

119. What marketing career involves determining why customers do what they do?

A. Advertising C. Sales

B. Distribution/Warehousing D. Marketing research

PD:024/4.09

120. What marketing career involves catching customers' attention, informing them of products, and

persuading them to buy?

A. Marketing research C. Public relations

B. Advertising D. Product management

PD:024/4.09

121. Kwacky Kwackers needs a new package design for its crackers. What marketing professional would be

responsible for creating the new package?

A. Marketing research C. Advertising

B. Product management D. Channel management

PD:024/4.09

122. What is at the center of all marketing activities?

A. Math C. Purchasing

B. Technological know-how D. Communication

PD:024/4.09

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1. C

Modify the product to renew customer interest. Modifying the product allows a company an opportunity

to increase sales without the risk of introducing an entirely new product. Also, such modifications could

include any technological advances that have taken place since the product's introduction. The product

should remain on the market; its sales have leveled off—not stopped. If the company does nothing,

sales may continue to decline. Tripling the advertising budget does not guarantee increased sales,

especially if there is something unsatisfactory about the existing product.

SOURCE: PM:001/3.01

SOURCE: PM LAP 17—Rapping Up Products (Product/Service Management)

2. B

It reflects the image of the business. The quality level of a product is an important part of

product/service management because it reflects the image of the business. Product managers must

choose not only the image they wish to portray but the level of quality that is appropriate to the products

themselves. The way that a product works refers to its design. By offering warranties, product

managers are protecting consumers. Labels identify a product's brand.

SOURCE: PM:001/3.01

SOURCE: PM LAP 17—Rapping Up Products (Nature of Product/Service Management)

3. D

Eliminating products that are slow sellers. The product/service management function follows a product

throughout its life cycle, determining when to eliminate slow-selling items. Determining where products

will be offered for sale is a channel management activity. Focusing promotional activities on newproduct

releases would be carried out in promotion. Setting discounts to clear

products from inventory is an aspect of pricing.

SOURCE: PM:001/3.01

SOURCE: PM LAP 17—Rapping Up Products (Product/Service Management)

4. B

By finding new uses for the product. Established products are in the maturity stage, and one way

marketers can extend their life cycles is by finding new ways that the products can be used by current

consumers. Continuing to promote the same product to current users will not extend its life cycle.

Consumers who are innovators are attracted to products in the introductory stage, not the maturity

stage. Restricting distribution would shorten rather than lengthen the product's life cycle.

SOURCE: PM:024/3.01

SOURCE: Boone, G., & Kurtz, D.L. (2009). *Contemporary marketing 2009* (p. 368). Mason, OH:

South-Western Cengage Learning.

5. D

To adapt its marketing strategies. Businesses change their marketing strategies as their products go

through the stages of the life cycle. This means that companies need to know where products are in

their life cycles in order to use marketing strategies appropriate for each stage. It is not usually possible

to prevent imitators from entering the market or to predict the length of a product's life cycle. Finding

new uses for the product is a marketing strategy that is used to boost sales for a mature product.

SOURCE: PM:024/3.01

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (pp. 642-645).

Woodland Hills, CA: Glencoe/McGraw-Hill.

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6. C

Because competitors have entered the market. By the time a product reaches the growth stage, there

are usually many competitors in the market. This forces producers to lower prices in order to compete

for market share. The lower prices can cause profits to decline. Sales are on the increase in the growth

stage. More efficient production helps to support profits. Adjusting marketing strategies should stabilize

profits, not cause them to decline.

SOURCE: PM:024/3.01

SOURCE: Soloman, M.R., Marshall, G.W., & Stuart, E.W. (2008). *Marketing: Real people, real*

*choices* (5th ed.) [pp. 282-284]. Upper Saddle River, NJ: Pearson Prentice Hall.

7. D

Mass customization. Computerization and the technology of mass production have created the method

of mass customization which allows businesses to produce customized products for one customer or

only a very few customers. Businesses that use a mass-customization method can produce large

quantities of one product in many different varieties. This method allows businesses to meet the

individual needs of many customers by making variations of one product. Automatic production,

computerized robotics, and intermittent conversion are not methods that allow businesses to produce

products that are specialized for a very few customers.

SOURCE: PM:039/3.01

SOURCE: Soloman, M.R., Marshall, G.W., & Stuart, E.W. (2008). *Marketing: Real people, real*

*choices* (5th ed.) [p. 220]. Upper Saddle River, NJ: Pearson Prentice Hall.

8. B

Tracking visitors to their web sites. As a result of computer technology, many businesses have

developed web sites that are accessible to customers. The technology that allows businesses to have

web sites also makes it possible for those businesses to track the visitors to their web sites and obtain

information about them such as name, address, type of purchase, amount of sale, etc. Businesses

often use this information to improve their product/service mix. For example, if a business determines

that customers are not buying a certain product, they might improve the product or replace it.

Businesses do not use computer technology to mail questionnaires to customers. Businesses often

compile the information they obtain through their web sites in databases. However, the information is

not useful until the businesses analyze it. Simply preparing interactive software programs will not help

businesses to obtain information.

SOURCE: PM:039/3.01

SOURCE: Roberts, M. (2008). *Internet marketing: Integrating online and offline strategies* (2nd ed.)

[pp. 12-13]. Mason, OH: Cengage Learning.

9. C

Intranet. Intranet refers to a business's network of computers that are linked so that the employees can

retrieve the same business information. For example, a software program that tracks inventory may be

available for the sales department, the shipping department, and the purchasing department to review.

A business that uses an Intranet system to manage products maximizes its communications and

response time. Generators and memory cards do not allow a business's employees to simultaneously

access the product information. Micro-portal is a fictitious term.

SOURCE: PM:039/3.01

SOURCE: Soloman, M.R., Marshall, G.W., & Stuart, E.W. (2008). *Marketing: Real people, real*

*choices* (5th ed.) [p. 191]. Upper Saddle River, NJ: Pearson Prentice Hall.

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10. B

Use of environmentally friendly packaging. One of the ethical issues that product/service managers

face is that of being environmentally friendly. Many businesses have altered their packaging after being

pressured to do so by consumers. Ethics are principles that govern behavior and do not involve the use

of color on the label or using the packaging for promotion. Including nutrition information is not an

ethical decision because it is required by law.

SOURCE: PM:040/3.01

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (p. 663).

Woodland Hills, CA: Glencoe/McGraw-Hill.

11. D

The Simpson Company embellishes the information that it places on its product labels. When a

company embellishes information on product labels, it is exaggerating the attributes or performance of

the product. This is unethical behavior because the company is misleading customers. If the company

misleads its customers, the customers may use the product inappropriately, which may harm them or

others. Using recyclable materials for product packaging and discontinuing the production of a slowmoving

item are ethical actions. There is not enough information provided to determine if the dress

boutique is obtaining vendor discounts.

SOURCE: PM:040/3.01

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (pp. 662-666).

Woodland Hills, CA: Glencoe/McGraw-Hill.

12. D

Price and quality. The promotional slogan is positioning the product as having great taste at a great

price. The taste is a quality. The promotion does not address specific features and benefits of the

product such as "30% more chicken than the competition" or "Helps lower cholesterol." The company is

not claiming that its soups have a characteristic that is different than that of competitors. The soups are

not positioned according to other products because the slogan does not include information about other

products that the company produces.

SOURCE: PM:042/3.02

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (p. 645).

Woodland Hills, CA: Glencoe/McGraw-Hill.

13. B

Features and benefits. The company is positioning its products according to their specific features and

benefits. Color is one of a product's attributes or features. Being durable and lightweight are benefits.

The company is not advertising quality or price, or unique characteristics not available from the

competition. The company does not mention its other products.

SOURCE: PM:042/3.02

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (p. 645).

Woodland Hills, CA: Glencoe/McGraw-Hill.

14. C

Unique characteristics. The company is positioning its product according to unique characteristics

because it is claiming that its product does something that no other product can do. The ink changing

color in light is a feature, but it is a unique characteristic that is not available on other pens. The

company is not positioning according to the quality or price of the pens or their relationship to other

products.

SOURCE: PM:042/3.02

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (pp. 645-646).

Woodland Hills, CA: Glencoe/McGraw-Hill.

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15. A

To differentiate their products. Companies want their products to be perceived as different from those of

other companies. They can do this through the use of brands. Charging higher prices and encouraging

materialism are seen by consumers as negative aspects of brands. Creating an appealing brand often

requires creativity, but demonstrating creativity is not a purpose of using brands.

SOURCE: PM:021/3.02

SOURCE: PM LAP 6—It's a Brand, Brand, Brand World! (Nature of Product Branding)

16. A

Recognition. Brand recognition is the stage of brand loyalty in which consumers become aware of a

brand's existence. Brand preference is when customers prefer to purchase a brand based on their

positive experiences with that brand. Brand insistence occurs when a customer will only purchase that

brand because of his/her satisfaction with it.

SOURCE: PM:021/3.02

SOURCE: PM LAP 6—It's a Brand, Brand, Brand World! (Nature of Product Branding)

17. A

By performing certain channel activities expertly. Channel members add value to a product by

performing certain channel activities expertly. Moving the product smoothly through the channel

benefits all channel members. Channels are not meant to make products more costly or more difficult

for consumers to find. Channels work best and deliver value-added products when channel members

work together toward common goals.

SOURCE: CM:001/3.05

SOURCE: CM LAP 2—Chart Your Channels (Channel Management)

18. A

Ideal market exposure. Marketers determine distribution intensity so they can achieve ideal market

exposure—that is, they want to make their product available to each and every customer who might buy

it, but they *don't* want to over-distribute the product and waste money. This condition is not known as

complete market coverage or total market saturation—ideal market exposure often does not cover an

entire market. It is also not referred to as perfect market balance.

SOURCE: CM:001/3.05

SOURCE: CM LAP 2—Chart Your Channels (Channel Management)

19. B

It needs to maintain tight control over a product. Exclusive distribution involves selling a product through

one intermediary or middlemen, in a geographic area. Exclusive distribution is often preferred for

specialty, highly complex, and technical products, or products that require special handling or training,

such as airplanes or large machinery. When a business wants to deal with intermediaries that will do

the best job to promote and sell their products, it would use selective distribution. Selective distribution

means selling a product through a limited number of wholesalers and retailers in a geographic location.

A business that wants to bypass middlemen (intermediaries) would choose a direct-distribution

strategy. Intensive distribution involves selling a product (e.g., candy bars) through every available

wholesaler and retailer in a geographic area where consumers might look for the product.

SOURCE: CM:001/3.05

SOURCE: CM LAP 2—Chart Your Channels (Channel Management)

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20. D

Timeliness. Channel management is the process of coordinating channel members to move goods and

services to the end user. The way that a business manages its channel members impacts customerservice

levels. An important aspect of channel management in relation to customer service is making

sure that the customers receive their products in a timely manner. In many cases, customers order

items for a specific purpose and need them on a certain date. Therefore, it is important for the business

to monitor channel members' activities to ensure that the products are moving through the channel in

the most efficient manner. Taxes are monies that individuals or businesses must pay to the

government. Protectionism is a government's policy to protect domestic industries and businesses

against foreign competition. Advertising is any paid form of nonpersonal presentation of ideas, images,

goods, or services.

SOURCE: CM:002/3.05

SOURCE: Kotler, P., & Armstrong, G. (2008). *Principles of marketing* (12th ed.) [p. 347]. Upper

Saddle River, NJ: Prentice-Hall.

21. C

Communicate effectively. Effective communication is extremely important to make sure that a

customer's order is processed correctly and on time. However, communication is a two-way street.

Customer service needs to communicate with customers, and customers need to communicate their

needs to customer service. By maintaining an open line of communication, customer service will be

able to facilitate order processing. Customer service is not responsible for overseeing assembly or

monitoring inventory. It is not appropriate to negotiate aggressively because this might have a negative

impact on relationships with customers.

SOURCE: CM:002/3.05

SOURCE: Coyle, J.J., Bardi, E.J., & Langley, C.J. (2003). *The management of business logistics: A*

*supply chain perspective* (7th ed.) [pp. 99-100]. Mason, OH: South-Western.

22. B

Vendor consistently has back orders. Back orders are requests (orders) for goods that are out of stock

and will be shipped when the items are available. A business that runs out of stock on a regular basis is

not providing adequate customer service. When customers cannot get the products they want, when

they want them, they often go to other businesses to obtain the items. Therefore, it is important for a

business to evaluate its distribution patterns and monitor its channel members to make sure that

everything is operating efficiently. Being flexible and responsive are ways in which a business can

provide good customer service.

SOURCE: CM:002/3.05

SOURCE: Coyle, J.J., Bardi, E.J., & Langley, C.J. (2003). *The management of business logistics: A*

*supply chain perspective* (7th ed.) [pp. 99-101]. Mason, OH: South-Western.

23. C

Wholesalers usually buy in large quantities. Many producers cannot afford to fill requests for small

orders; however, small retailers are usually unable to place large orders. Therefore, wholesalers help to

fill the gap between producers and small retailers by buying large quantities and selling smaller

quantities to individual retailers. By using intermediaries, producers are giving up some of their channel

control. Wholesalers do take title to goods, but agents do not. Producers use the producer to retailer to

ultimate consumer channel to reach large retailers indirectly.

SOURCE: CM:003/3.05

SOURCE: CM LAP 1—Channel It (Channels of Distribution)

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24. B

Producer to agent to retailer to consumer. Some producers don't want to take the responsibility or

spend the time or money to sell their own goods but are prepared to handle other marketing functions.

These producers contract with an agent to sell the goods to retailers. When the producer to retailer to

consumer channel is used, the producer retains control of selling activities. The producer to wholesaler

to retailer to consumer channel is frequently used to reach small retailers. Producer to consumer is a

direct channel of distribution.

SOURCE: CM:003/3.05

SOURCE: CM LAP 1—Channel It (Channels of Distribution)

25. D

A dispatcher has current knowledge of a delivery truck's location and destination. Satellite tracking is

the use of satellites and technological systems that allow for the transmission of information between

two parties. Satellite tracking would help a business locate a package while it is en route in order to

provide an estimated arrival time to the package recipient. Computer systems that perform warehouse

functions that are usually executed by humans are called artificial intelligence systems. A computer

software program would be used to create routing plans for transportation companies, not a satellite

tracking system. Satellites are not generally needed to enter information into an electronic device.

SOURCE: CM:004/3.05

SOURCE: Coyle, J.J., Bardi, E.J., & Langley, C.J. (2003). *The management of business logistics: A*

*supply chain perspective* (7th ed.) [p. 465]. Mason, OH: South-Western.

26. A

Some businesses have the capacity to distribute most or all of their products through the Internet.

Some businesses provide pure services that do not require the use of intermediaries. For example, it is

possible for business consultants or freelance copyrighters to deliver their services directly to the end

users through their web sites. Many financial-services, such as bank loans and stock trades, can be

completed online without the use of intermediaries. Because some businesses are bypassing

intermediaries and selling products directly to the end users through their web sites, vertical conflict

among channel members continues to be a problem. When businesses decide to sell directly to

consumers, the number of intermediaries they use is reduced. In many ways, technological

advancements make the distribution process more efficient. For example, Extranets make it easier for

channel leaders to monitor channel activities and for channel members to communicate with one

another.

SOURCE: CM:004/3.05

SOURCE: Mize, S.R. (2007, July 24). *Online business consulting-secrets and tactics: Part 1*.

Retrieved May 24, 2011, from http://ezinearticles.com/?Online-Business-Consulting—-

Secrets-and-Tactics-Part-I&id=658801

27. C

Involvement of agents. Agents typically do not take ownership of a product. They are representatives of

the buyer or seller and do not take title to the goods. During the distribution process, either the buyer or

the seller owns the goods rather than the agent. Availability of the product, country in which the product

is produced, and the physical characteristics of the product are factors when determining the best

physical distribution path to follow. They do not determine legal ownership.

SOURCE: CM:005/3.05

SOURCE: Boone, G., & Kurtz, D.L. (2009). *Contemporary marketing 2009* (p. 419). Mason, OH:

South-Western Cengage Learning.

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28. D

Dual distribution. When a manufacturer uses more than one channel to reach consumers, it is known as

dual distribution. Dual distribution is legal as long as it promotes competition. When a supplier requires

an intermediary to purchase other products in its line, as well as the initial purchase, it is known as a

tying agreement. Exclusive dealing occurs when a manufacturer forbids an intermediary from carrying a

competitor's product. Restricted sales territories prohibit intermediaries from selling products outside a

designated area.

SOURCE: CM:005/3.05

SOURCE: Boone, G., & Kurtz, D.L. (2009). *Contemporary marketing 2009* (p. 419). Mason, OH:

South-Western Cengage Learning.

29. B

A franchisor requires a franchisee to sell only the franchisor's products. Exclusive distribution is a

strategy that forbids dealers from carrying the competitors' products. This strategy is usually considered

illegal because it restricts competition. However, it is legal in certain situations, such as a franchisor

requiring a franchisee to sell only the franchisor's products. One of the characteristics of a franchise

agreement is that the franchisee buys the right to sell the products of the franchisor. In exchange for

that right, the franchisor may require the franchisee to sell only the franchisor's products. The franchisor

is protecting the image of its product by preventing the franchisee from carrying competing brands. It is

usually considered illegal for a business to prevent a competitor's product from entering the market. A

distributor requiring a customer to buy all of its products to obtain one product is an example of a tying

contract. A manufacturer assigning an exclusive territory to restrict competition is usually considered

illegal.

SOURCE: CM:005/3.05

SOURCE: Perreault, W.D., Cannon, J.P., & McCarthy, E.J. (2008). *Basic marketing: A marketing*

*strategy planning approach* (16th ed.) [pp. 306-307]. Boston: McGraw-Hill/Irwin.

30. C

A pharmacy sells brand medications to customers in foreign countries for a lower price than they can

get domestically. Gray markets occur when imported goods are sold by businesses other than the

authorized intermediaries. In most cases, the goods are sold to customers for a great deal less than if

purchased through authorized distribution channels. Many types of products, from electronics to

clothing, are sold through gray markets. In some cases, the authorized dealers choose to abandon a

brand because they cannot compete with the gray market. A franchisee who obtains a license from the

franchisor is conducting a legal means to distribute through a product trade-name franchise agreement.

A company that sells its own products on an Internet web site to foreign customers is not conducting

activities through a gray market. A business that has obtained exclusive distribution rights from a

manufacturer is not participating in gray-market activities.

SOURCE: CM:006/3.05

SOURCE: Wikipedia. (2006, April 26). *Grey market*. Retrieved May 27, 2011, from

http://en.wikipedia.org/wiki/Grey\_market

31. C

Threatening to stop using a supplier unless given major concessions. Coercion usually involves the use

of force and is generally considered to be unethical. If a large business threatens a supplier, that is an

example of coercion. The business may demand that the supplier sell at extremely low prices or pick up

other types of expenses in order to be a supplier to the business. The message is that the supplier will

no longer be used if the business does not receive the requested concessions. Requiring a specific

type of packaging material and returning shipments without proper authorization are not examples of

coercion. Buying products from unauthorized intermediaries is an example of the gray market.

SOURCE: CM:006/3.05

SOURCE: Boone, G., & Kurtz, D.L. (2009). *Contemporary marketing 2009* (pp. 424-425). Mason, OH:

South-Western Cengage Learning.

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32. B

Date and time of appointment with customer. Informational messages are written every day in business

in order to send routine information to others. Sending a customer a message confirming the date and

time of the next appointment is an example of a topic that would be addressed in an informational

message. The topic concerns routine information and deals with common business situations.

Requesting payment on a past-due account, a charity appealing for a donation, or inviting someone to

speak at a conference are examples of topics that would be addressed in persuasive messages.

SOURCE: CO:039/4.08

SOURCE: Young, D.J. (2006). *Foundations of business communication: An integrative approach*

(pp. 20, 122). New York: McGraw-Hill/Irwin.

33. A

In the order of importance. Informational messages often contain a variety of information that has

different levels of importance. When writing the message, it is important to present the information in

the order of importance. Depending on the message, the information might be arranged in order of its

importance to the reader. For example, it is more important to readers to learn that they will receive

discounts on certain purchases than to learn that the bill will be mailed on a different date. Information

should be presented in a specific manner so readers will clearly understand. Information should be

explained thoroughly, which may not be the shortest way possible. Presenting information in a

conversational way is not always the most effective because a conversational tone is casual and may

not present all the important information.

SOURCE: CO:039/4.08

SOURCE: Locker, K.O. (2006). *Business and administrative communication* (7th ed.) [pp. 152-153].

New York: McGraw-Hill.

34. C

To request an appointment. The function of a letter of inquiry usually is to make a request.

Businesspeople often write letters of inquiry to request an appointment with a current customer or a

potential customer, particularly if that customer is located out of town. For example, a businessperson

might write several letters requesting appointments with various customers before arranging a sales

trip. An acknowledgement letter would be written to acknowledge the receipt of an order. A claim letter

would be written to complain about a problem with a product. A transmittal letter would be written to

accompany a document being sent by mail.

SOURCE: CO:040/4.08

SOURCE: Bovée, C.L., & Thill, J.V. (2008). *Business communication today* (9th ed.) [p. 219]. Upper

Saddle River, NJ: Pearson Prentice Hall.

35. C

At the beginning of the letter. Inquiries should be direct so that the recipient immediately knows what

the inquiry is about. Start with the purpose of the inquiry before describing your company, project, or

what prompted the inquiry. Delayed statement of your purpose (whether later in the letter or requesting

a separate meeting) makes it more difficult for the recipient to understand the inquiry.

SOURCE: CO:040/4.08

SOURCE: Lesikar, R.V. & Flatley, M.E. (2005). *Basic business communication: Skills for empowering*

*the Internet generation* (10th ed.) [pp. 112-119]. New York: McGraw-Hill/Irwin.

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36. C

Location of the company's market. By surveying customers, the business can determine where the

people who are interested in buying its products are located. Information about the company's market

share and plans to improve current products can be obtained from the company's own records. The

financial status of competitors is only available if they operate as a corporation and must report their

finances to shareholders, or they are in a situation that requires them to disclose their financial

resources.

SOURCE: IM001/4.03

SOURCE: IM LAP 2—Get the Facts Straight (Marketing-Information Management)

37. D

Cost-effectiveness. Marketing information must provide greater benefits to the user than the expense of

gathering the data used to generate this information. If the marketing information cannot provide greater

benefits to the user, then the corresponding data are not worth gathering or processing. Timely data

and information are up-to-date, so the data must be gathered at a time when they will be of the most

value to the business. Accessible information is readily available so that it can be used without major

effort or excessive cost. Marketing information should be relevant—closely related to the situation at

hand.

SOURCE: IM001/4.03

SOURCE: IM LAP 2—Get the Facts Straight (Marketing-Information Management)

38. B

The marketing environment is constantly changing. Marketers need information in order to keep up with

these rapid changes. Other reasons that marketers must gather information include an increasing

geographic scope for businesses, hard-to-please consumers, and increasing competition.

SOURCE: IM001/4.03

SOURCE: Soloman, M.R., Marshall, G.W., & Stuart, E.W. (2008). *Marketing: Real people, real*

*choices* (5th ed.) [p. 107]. Upper Saddle River, NJ: Pearson Prentice Hall.

39. D

By interpreting it correctly. Marketing-information managers can protect the integrity of the information

they collect by interpreting it correctly and not manipulating it in such a way that it agrees with a

predetermined conclusion. Protecting the integrity of marketing information is sometimes difficult

because researchers often can make the information support either side of an issue depending on how

they interpret it. Most researchers try to interpret the information correctly because consumers are

sometimes suspicious of research findings that seem to support the opinions of the business that

sponsors the research. Researchers do not protect the integrity of marketing information by reviewing it

frequently, publishing it openly, or organizing it logically.

SOURCE: IM025/4.03

SOURCE: Zikmund, W.G., & Babin, B.J. (2010). *Exploring marketing research* (10th ed.) [pp. 369,

493]. Mason, OH: South-Western Cengage Learning.

40. C

Confidentiality. Confidentiality involves preventing the unauthorized disclosure of information. In the

process of collecting marketing information, researchers often obtain private and personal information

that is unethical to use or share with others without permission. Researchers need to respect client and

respondent confidentiality by making sure that the information they collect and use remains confidential

unless they receive explicit approval to reveal it to others. Standardization involves always performing a

task in the same way. Adaptability is the ability to adjust to changing conditions. Commercialization is

the point at which a product goes into full-scale production, the marketing plan is put into place, service

and sales training are done, and the product's life cycle begins.

SOURCE: IM025/4.03

SOURCE: Zikmund, W.G., & Babin, B.J. (2010). *Exploring marketing research* (10th ed.) [pp. 88-91].

Mason, OH: South-Western Cengage Learning.

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41. A

No, businesses should not undertake any non-research activities involving data collected. Researchers

must not undertake any non-research activities such as database marketing involving data about

individuals that will be used for direct marketing or promotional activities. Such activities must be

organized and carried out in a manner clearly differentiated from research activities. Databases contain

reliable information. Consumers expect such information to be used for research rather than

advertising. The company should use the information only as intended.

SOURCE: IM025/4.03

SOURCE: Zikmund, W.G., & Babin, B.J. (2010). *Exploring marketing research* (10th ed.) [pp. 99-100].

Mason, OH: South-Western Cengage Learning.

42. C

To track the number of times the user buys a product. Many businesses that have web sites place a

cookie, which is a type of information, on a user's hard drive when the user visits that site. Then, the

next time a user visits that site, the site's computer recognizes the user because of the cookie. A

business's marketing-information managers use cookies to maintain user information and track how

many times a user visits a specific web site or buys a product online. This type of data allows

marketing-information managers to customize web sites in order to appeal to the preferences and

habits of the customers who are visiting their sites. Cookies make it possible for businesses to obtain

marketing information. They do not make it easy for the user to find the web site, regulate the user's

access to information, or guarantee that the web site is secure.

SOURCE: IM:183/4.03

SOURCE: Miles, J.E., & Dolce, C. (2006). *E-Commerce* (pp. 289-290). New York: Glencoe/McGraw-

Hill.

43. D

To customize its marketing efforts. Many businesses use computerized databases to sort and organize

information about customers' purchases, brand preferences, dollar amounts spent, etc. The benefit to

the business is that it can use this information to customize its marketing efforts and appeal to specific

customers. For example, a business might use a database to organize customers according to

geographic location, and send different promotional pieces to each area. The database allows a

business to target specific customers based on certain criteria. Businesses do not use this type of

customer information to prepare financial reports, develop inventory control plans, or maintain sales

strategies.

SOURCE: IM:183/4.03

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (pp. 594-595).

New York: Glencoe/McGraw-Hill.

44. D

Builds strong, loyal customer relationships. When a business understands what its customers like and

dislike about its goods and services, it can incorporate activities to maintain, improve, or expand its

products. When customers see that the business is showing interest in meeting their needs and wants,

they are more likely to continue the relationship with the business. A business's tax deductions are not

generally based on its ability to track its customers' buying behavior. Operational expenses refer to all

of the expenses (costs) of running the business. A database can facilitate efficient use of a business's

resources, but does not necessarily reduce operating expenses, nor does it necessarily decrease the

need to analyze marketing activities.

SOURCE: IM:183/4.03

SOURCE: Semenik, R.J. (2002). *Promotion and integrated marketing communications* (p. 355).

Mason, OH: South-Western.

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45. C

A marketer tells a customer that s/he is conducting research, and then begins a sales pitch. SUGGING

is an acronym for “selling under the guise of research.” SUGGING is an unethical practice in which a

marketer pretends to conduct research, but, in fact, is really attempting to sell a good or service to a

consumer. SUGGING is deceptive and rarely facilitates a long-term selling relationship. It also harms

the integrity of the general marketing-research field because potential respondents who have been

subjected to SUGGING are less likely to trust researchers and are likely to question their true motives.

A telemarketer who asks a person if s/he knows anyone who might buy a certain product is trying to

obtain a referral. Sending samples to consumers is a promotional technique. A salesperson providing a

customer the opportunity to try a product for a certain period of time is implementing a strategy to make

a sale.

SOURCE: IM:419/4.03

SOURCE: Marketing Research Association. (n.d.). *Challenges to the marketing research industry.*

Retrieved May 24, 2011, from http://www.mra-net.org/media/index.cfm?ID=challenge

46. C

It contributes to business success. Marketing research has a significant impact on business success.

Businesses that obtain reliable marketing-research data are better able to make good decisions

because their decisions are based on fact, not opinion. Whether marketing research improves a

business's financial management would depend upon the kind of problem the business is trying to solve

and the data gathered. Competitors are often unaware of a business's marketing-research efforts.

SOURCE: IM:010/4.04

SOURCE: IM LAP 5—Seek and Find (Nature of Marketing Research)

47. C

To develop a profile of the typical customer. Demographic data are often gathered through marketing

research. The business can use such data to develop a profile of the typical customer. The business

cannot create a mailing list from these data since names and addresses are not included in the data.

The data also would not help the business to identify internal problems or set up an operating budget.

SOURCE: IM:010/4.04

SOURCE: IM LAP 5—Seek and Find (Nature of Marketing Research)

48. A

Less expensive to collect than primary data. Secondary data are facts that have been collected for

purposes other than the purpose at hand. They are quicker, easier, and less expensive to collect than

primary data. Examples of secondary data include industry reports, government census figures, and

trade association surveys. These data are readily available to competitors. A drawback of secondary

data is that they are less likely to be up-to-date and relevant than primary data.

SOURCE: IM:010/4.04

SOURCE: IM LAP 5—Seek and Find (Nature of Marketing Research)

49. B

Quantitative. Quantitative research often answers questions related to "how many" and "how much."

The information is usually obtained from large numbers of people, and the results often are explained in

a numerical form. For example, a business would use quantitative research to find out how many

customers in a certain area buy a specific product and how many products they buy. Intelligence,

syndicated, and economic are not types of research techniques.

SOURCE: IM:281/4.05

SOURCE: Churchill, G.A., Brown, T.J., & Suter, T.A. (2010). *Basic marketing research* (7th ed.)

[pp. 257-260, 494]. Mason, OH: South-Western Cengage Learning.

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50. B

Sales report. Marketing-research data are available from many sources, including those that are

collected for other purposes. This type of information is secondary data. Secondary data are available

outside the company from sources such as trade journals, government web sites, and magazine

articles. A business can also obtain useful secondary data that are generated within the organization.

Examples of this type of information include sales reports, budgets, customer profiles, and annual

reports.

SOURCE: IM:281/4.05

SOURCE: Etzel, M.J., Walker, B.J., & Stanton, W.J. (2007). *Marketing* (14th ed.) [pp. 180-181].

Boston: McGraw-Hill/Irwin.

51. B

Qualitative. Qualitative research is based on obtaining data about opinions and experiences. The goal

of qualitative research often is to find out "why" people buy certain products and "how" they feel about

certain products and businesses. This research is often conducted through the use of in-depth

interviews to obtain the detailed data. Sampling involves selecting a group to interview. Observation

involves watching what people do. Forecasting involves making a prediction.

SOURCE: IM:281/4.05

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (p. 597). New

York: Glencoe/McGraw-Hill.

52. A

Problems that company decision-makers identify are often just symptoms of larger problems that need

to be researched. Frequently, the problem or issue that decision-makers identify is actually the result or

outcome of a much larger, “real” problem. Marketing researchers are responsible for helping these

decision-makers to dig deep enough into the situation that the true issue becomes obvious. Then, the

researchers and decision-makers can work together to finalize the marketing research problem.

Specific research objectives are based on the marketing research problem, not the other way around.

The research instruments, or methods to collect the data, are identified after the marketing research

problem has been finalized. Every marketing research project requires a research problem, regardless

of whether researchers plan to gather internal and/or external information.

SOURCE: IM:282/4.04

SOURCE: Hair, J.F., Wolfinbarger, M, Ortinau, D.J., & Bush, R.P. (2008). *Essentials of marketing*

*research* (p. 28). New York, McGraw-Hill Irwin.

53. B

It keeps the business from wasting resources. When managers and researchers are "on the same

page" about what the marketing-research problem is, it keeps the business from wasting the valuable

resources of time, money, and effort on researching the wrong problem. Managers and researchers will

still need to establish formal research objectives. Defining the problem clearly doesn't ensure that the

results of the study will be favorable for the business. The results of the study may help managers plan

strategies for improving the business's market share, but simply defining the problem won't accomplish

that.

SOURCE: IM:282/4.04

SOURCE: IM LAP 13—What's the Problem? (Marketing-Research Problems)

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54. D

Experimental. This technique is expensive because it involves setting up the research situation, such as

developing a new product and then testing it on groups of consumers to determine their response. An

example of the experimental research approach is quick-serve restaurants testing a new sandwich in

certain markets. Technological is not a research approach. Recording means to keep track or to keep a

record of something. Questioning is a variation of the survey research approach.

SOURCE: IM:284/4.04

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2006). *Marketing essentials* (p. 616). New

York: Glencoe/McGraw-Hill.

55. C

Exploratory. Businesses conduct exploratory research for discovery purposes. This type of research

helps the business define a marketing issue, situation, opportunity, or concern. Causal research is a

type of marketing research that focuses on cause and effect and tests "what if" theories. Causal

research involves conducting experiments, which involve manipulating one or more independent

variables and examining the outcome. Descriptive research involves gathering specific information

related to a specific issue, situation, or concern.

SOURCE: IM:284/4.04

SOURCE: Zikmund, W.G., & Babin, B.J. (2010). *Exploring marketing research* (10th ed.) [pp. 50-51].

Mason, OH: South-Western Cengage Learning.

56. C

Descriptive. Businesses use descriptive research to answer questions such as what, who, when, and

where. Unlike causal research design, it cannot answer "why" questions that examine cause and effect.

Experimental is a type of causal research. Exploratory research helps businesses gain insight, clarify

concepts, and gather explanations. It is less formal than descriptive and causal research.

SOURCE: IM:284/4.04

SOURCE: QuickMBA.com. (1999-2010). *Marketing research.* Retrieved May 24, 2011, from

http://www.quickmba.com/marketing/research/

57. B

How many people to survey. Sampling plans are intended to identify the number of people who will be

surveyed for a research project. The goal is to survey enough people to obtain an accurate

representation, but not more than necessary. In many cases, the population affected by the research is

very large and researchers are unable to survey all of them. Therefore, they establish a sampling plan

that determines the number of people to survey. A sampling plan does not answer the question of what

type of product to study, when to conduct an interview, or why the issue is important.

SOURCE: IM:285/4.05

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (pp. 614-615).

New York: Glencoe/McGraw-Hill.

58. D

Random sampling. Because it isn't feasible to survey a large target market, researchers often survey a

representative group or sample of the target market. Random sampling exists when each member of

the sample group has an equal chance or the same opportunity to be selected to participate in the

survey. An advantage to random sampling is that the data are less likely to be biased or skewed.

Researchers might use interviews (e.g., personal, telephone) when they want to obtain more in-depth

information. The disadvantage to using the interview method is there is a higher risk of interviewer bias.

Referral sampling is commonly called snowball sampling. This method involves obtaining

recommendations of other potential sample-group members from the selected sample respondents.

SOURCE: IM:285/4.05

SOURCE: Shao, A. (2002). *Marketing research: An aid to decision making* (2nd ed.) [p. 363]. Mason,

OH: South-Western.

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59. C

Chance. It is highly unlikely that all 100 girls in a sample would be exactly the same height. However, it

could happen by chance—even with little chance of occurrence. Interviewer bias occurs when the

presence, actions, or attitudes of the interviewer influence a respondent's answers. The scenario

provides insufficient information to determine whether non-response error occurred. This problem

happens when researchers fail to sample the people who didn't respond to determine whether there

were statistical differences between respondents and non-respondents. Inadequate information is

provided to know whether the question was asked in such a way that it influenced responses.

SOURCE: IM:285/4.05

SOURCE: Mugo, F.W. (n.d.). *Sampling in research*. Retrieved May 24, 2011, from

http://www.socialresearchmethods.net/tutorial/Mugo/tutorial.htm

60. D

Simple. A simple sampling strategy is used when the researchers believe that the population is

relatively homogeneous for the characteristic of interest. In this case, the researchers would feel that

people sharing the same major, business, would have similar interests. Proportionate sampling is used

when subgroups vary dramatically in size in our population. Researchers can select more participants

from larger groups to ensure that they are adequately represented. Stratified random sampling is used

when subgroups in the population differ a great deal in their responses or behavior. To overcome this

issue, researchers treat the population as though it were multiple, separate populations and then

randomly sample within each subgroup. Marketers would choose cluster sampling when it would be

impossible or impractical to identify every person in the sample. As an example, imagine that a large

international business wants to survey its employees but does not have a staff directory from which

names could be sampled. It would be easier to sample by department. The researchers could randomly

sample a percentage of employees within each randomly selected department rather than trying to

sample that percentage of employees companywide.

SOURCE: IM:285/4.05

SOURCE: Wadsworth Cengage Learning. (2005). *Sampling methods: Research methods workshops.*

Retrieved May 24, 2011, from

http://www.wadsworth.com/psychology\_d/templates/student\_resources/workshops/res\_met

hd/sampling/sampling\_01.html

61. D

Balanced. Marketing researchers can use many types of itemized rating scales on a survey. An

Itemized scale provides respondents with a set of options from which they must choose an answer. A

balanced itemized scale provides an equal number of favorable responses (e.g., extremely satisfied,

satisfied) as it does unfavorable responses (e.g., dissatisfied, extremely dissatisfied). A continuous

scale is a type of non-comparative scale that allows respondents to place a slash mark on a line that is

bounded by two opposite variables (e.g., the worst; the best). Spliced and sequential are not types of

survey rating scales.

SOURCE: IM:286/4.06

SOURCE: Zikmund, W.G., & Babin, B.J. (2010). *Exploring marketing research* (10th ed.) [p. 358].

Mason, OH: South-Western Cengage Learning.

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62. A

Semantic differential. Itemized scales provide respondents with a set of options from which they must

choose an answer. A semantic differential scale is a type of itemized scale that marketing researchers

use to measure attitudes. The scale provides seven spaces, which are bounded by descriptive

antonyms at each end, such as reliable and unreliable. The respondent places an “X” at the point or

space on the continuum that best describes his/her feelings about the object or idea that s/he is rating.

The Likert scale measures the respondents' level of agreement with a statement. The Stapel scale is a

10-point scale that places the phrase in the middle and requires the respondent to mark which series of

positive or negative numbers best describes his/her feelings about the phrase in relation to the object or

idea. Random-rating scale is a fictitious term.

SOURCE: IM:286/4.06

SOURCE: Zikmund, W.G., & Babin, B.J. (2010). *Exploring marketing research* (10th ed.) [pp. 348-

349]. Mason, OH: South-Western Cengage Learning.

63. B

Mail survey. A survey is a marketing-research method that involves asking consumers questions in

order to learn their opinions and the reasons behind those opinions. Researchers often use mail

surveys that are sent to individuals' homes as a way of collecting data. A message board is a gathering

place for transmitting ideas or information through electronic communication. A case study is an

instructional method that involves giving trainees a written description of an organizational problem, and

the trainees are asked to determine the problem and potential solutions. Behavior chart is not a

common method of collecting research data.

SOURCE: IM:289/4.06

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2006). *Marketing essentials* (pp. 614-616).

New York: Glencoe/McGraw-Hill.

64. A

Volume-tracking scanner. A scanner is an electronic device that reads or translates codes that are

placed on products and enters the product information into a computer. Scanners are commonly used

during a sales transaction, which is the point of purchase. This is a popular method of collecting

information about customers' buying habits and inventory status because the scanning system can

track large volumes of goods. Once enough data are collected, researchers evaluate the data to

determine how fast or slow certain products are moving, which is information they can use to make

business decisions. Photographic scanners, e-mail surveys, and statistical surveys are not datacollection

methods that researchers use during the point-of-purchase process.

SOURCE: IM:289/4.06

SOURCE: Zikmund, W.G., & Babin, B.J. (2010). *Exploring marketing research* (10th ed.) [pp. 256-

257]. Mason, OH: South-Western Cengage Learning.

65. B

Observation. Observing the way in which employees and customers interact is one way to obtain

information about customer service and customer satisfaction. This technique involves watching how

the employees and customers communicate with one another without them knowing that they are being

observed. The observation approach often provides the researcher with insight (verbal and nonverbal

cues) that s/he cannot obtain by holding a telephone interview or by distributing a survey. For example,

if observation research indicates that several employees have problems helping customers select the

appropriate product, the business can take steps to train employees so they can better help customers.

An experiment involves manipulating certain factors in a controlled environment to determine the cause

and effect of variable combinations. An experiment would not be the appropriate approach to determine

how employees interact with customers.

SOURCE: IM:289/4.06

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (pp. 615-616).

New York: Glencoe/McGraw-Hill.

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66. A

Customer survey. Primary marketing research is information that a business obtains for a specific

purpose. Businesses use many techniques to obtain primary data, such as observation, interviews, and

surveys. Surveys contain questions about the information the business wants to obtain. For example, a

business might distribute a survey to its customers when it wants to find out what the customers think of

the business's goods and services. Census data, trade-journal articles, and external reports are forms

of secondary research.

SOURCE: IM:289/4.06

SOURCE: Shao, A. (2002). *Marketing research: An aid to decision making* (2nd ed.) [pp. 184-185].

Mason, OH: South-Western.

67. B

Can decrease their response rate. Ill-designed questionnaires negatively affect the quality and quantity

of data obtained from survey participants. This lowers their response rate because they may think the

survey is too complex, too time-consuming, or too confusing. Survey design is unlikely to make

participants question the survey's purpose, decrease their desire to answer personal questions, or

make them take their time to complete the survey.

SOURCE: IM:418/4.06

SOURCE: Agriculture and Consumer Protection. (n.d.). *Chapter 4: Questionnaire design.* Retrieved

May 4, 2011, from http://www.fao.org/docrep/W3241E/w3241e05.htm

68. A

Toward the end of the interview. By asking potentially sensitive questions toward the end of an

interview, the researcher can avoid having the participant cut off the interview before important

information can be collected. By asking the questions at the beginning, in the middle, or throughout the

interview, the researcher risks prematurely ended interviews.

SOURCE: IM:418/4.06

SOURCE: Agriculture and Consumer Protection. (n.d.). *Chapter 4: Questionnaire design*. Retrieved

May 4, 2011, from http://www.fao.org/docrep/W3241E/w3241e05.htm

69. C

Transportation. There are a variety of ways that businesses can ship or transport their products to their

final destination. The cost of each type of transportation varies; therefore, businesses choose the

method that fits within their price range. Businesses build the transportation costs into the price of their

products. Inflation is a rapid rise in prices usually occurring when demand exceeds supply. Regulations

are an established set of rules. Orientation is job preparation or induction training for new employees.

SOURCE: PI:001/3.04

SOURCE: PI LAP 2—The Price is Right (Nature of Pricing)

70. D

Flexible pricing. Flexible pricing means that a business adjusts prices up or down according to changes

in economic or other factors that affect consumer spending. High-level pricing in economic hard times

would reduce sales. Odd-cents pricing is used to give the illusion that a price is slightly lower than it is.

For example, many consumers perceive $4.99 as closer to $4.00 than to $5.00. Below-cost pricing

would mean selling products for less than what the business paid for them, which would lose money for

the business.

SOURCE: PI:001/3.04

SOURCE: PI LAP 2—The Price is Right (Nature of Pricing)

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71. B

Developing a complex pricing structure. Some businesses develop complex pricing structures that are

very difficult for customers to understand. Customers buying from such businesses are seldom able to

figure out how to get a lower price and end up spending more than they should. Although this practice

is not illegal, it is considered unethical because customers don't have a fair chance to obtain the best

price. Providing a reference price is ethical because it gives customers a comparison price. It is ethical

for businesses to match the prices of competitors as long as they don't meet in advance and agree to

set the prices. The purpose of business is to earn a profit, which involves marking up prices.

SOURCE: PI:015/3.04

SOURCE: Perreault, W.D., Cannon, J.P., & McCarthy, E.J. (2008). *Basic marketing: A marketing*

*strategy planning approach* (16th ed.) [p. 480]. Boston: McGraw-Hill/Irwin.

72. A

A company prices its products low in an attempt to drive its competitors out of business. Ethics are the

principles that guide personal behavior. When a business prices its products very low with the goal to

drive its competitors out of business, it may be acting unethically, and possibly illegally. This is because

the business is deliberately pricing products so low that smaller businesses cannot afford to compete,

which eventually drives them out of business. Increasing prices when production costs increase, setting

profit-margin objectives, and using a prestige pricing strategy are legal and ethical business practices.

SOURCE: PI:015/3.04

SOURCE: InvestorWords.com. (n.d.). *Predatory pricing: Definition*. Retrieved May 17, 2011, from

http://www.investorwords.com/3770/predatory\_pricing.html

73. C

Easier to change prices. Bar codes that include price information can be scanned into a register

terminal where the price is read and recorded. When a business needs to change a price, such as to

offer a sale price, an employee can enter the change into the scanning system computer, and the

change is made for every item. This is a faster and more economical method than manually changing

prices on every item. Customers will need a scanning device to read the price. There are seldom

changes in the number of security personnel or employees based on the use of bar-code pricing

techniques.

SOURCE: PI:016/3.04

SOURCE: Farese, L. S., Kimbrell, G., & Woloszyk, C. A. (2009). *Marketing essentials* (pp. 504, 511).

Woodland Hills, CA: Glencoe/McGraw-Hill.

74. D

By determining the best time to adjust prices. Technology makes it possible for online businesses to

store previous sales information in databases and to use a point-of-sale system to obtain current sales

information. Then, online businesses can use certain software programs to analyze the information to

determine the best time to adjust prices. For example, an analysis of historical and current sales data

might indicate that the time is right to reduce prices on certain products that are beginning to lose

popularity. Deciding how much to spend on advertising, calculating the cost of hiring more employees,

or generating profit-and-loss statements are not factors that impact the pricing function.

SOURCE: PI:016/3.04

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2006). *Marketing essentials* (pp. 558-559).

New York: Glencoe/McGraw-Hill.

**Semester Two Exam Key**

*Marketing Principles* Course Guide

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75. A

Price discrimination. Price discrimination is an illegal activity in which a business charges different

customers different prices for similar amounts and types of products. A business that charges a small

company a higher price for a product than it charges a large company for the same product is involved

in price discrimination. Businesses are expected to offer comparable prices to all customers for the

same product. However, there are some exceptions if the price differences do not restrict competition.

Charging different customers different prices is not an example of controlled pricing or regulated pricing.

Price competition is a type of rivalry between or among businesses that focuses on the use of price to

attract scarce customer dollars.

SOURCE: PI:017/3.04

SOURCE: Etzel, M.J., Walker, B.J., & Stanton, W.J. (2007). *Marketing* (14th ed.) [pp. 355-356].

Boston: McGraw-Hill/Irwin

76. B

Price fixing. Price fixing is an unethical activity in which businesses agree on the prices of their goods

and services resulting in little choice for the consumer. In some countries, price fixing is illegal because

it restricts competition. Bait and switch refers to an advertising scheme in which a business promotes a

low-priced item to attract customers to whom the business then tries to sell a higher priced item. Loss

leader pricing involves pricing a product below cost to attract customers to the business. Gray markets

involve selling goods to unauthorized dealers for very low prices.

SOURCE: PI:017/3.04

SOURCE: Soloman, M.R., Marshall, G.W., & Stuart, E.W. (2008). *Marketing: Real people, real*

*choices* (5th ed.) [pp. 363-364]. Upper Saddle River, NJ: Pearson Prentice Hall.

77. C

Economic conditions. External factors are those factors outside of the business over which the business

has no control, such as the overall condition of the economy. If the economy slows down and

consumers cut back on spending, businesses often reduce prices in order to encourage customers to

spend. On the other hand, if the economy is prospering and customers have money to spend,

businesses might increases prices. Variable expenses, operating costs, and employee benefits are

internal factors that affect price. However, the business has control over these factors.

SOURCE: PI:002/3.04

SOURCE: PI LAP 3—Make Cents (Factors Affecting Selling Price)

78. B

To get market share as fast as possible. Businesses may use selling price to obtain a share of the

market, to enlarge the share they already have, or to maintain that share. For example, some new

companies set low prices in order to get as much of the market as possible right from the start. They

feel that they will benefit over time because the customers who are attracted by the low prices will

become regular customers. Because the selling prices are low, the business will not make a large profit

or earn a high return on investment. It is illegal for businesses to deliberately set prices so low that they

eliminate all competition.

SOURCE: PI:002/3.04

SOURCE: PI LAP 3—Make Cents (Factors Affecting Selling Price)

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79. B

They meet or exceed customer expectations on a consistent basis. A brand promise is an agreement,

of sorts, with customers that a business or product will behave in certain ways that are in accordance

with their brand values and characteristics. Consistently delivering on a brand promise reinforces the

brand with customers, building brand equity and brand loyalty. Most businesses do not provide

customers with a sworn statement. Besides, "actions speak louder than words." Customers are more

interested in the quality of their experiences with a business than words. Salespeople generally do not

verbally make brand promises to customers; rather, they deliver on the business's brand promise

through the nature of their interaction with customers and their appearance. Fulfilling special requests

might be just one way in which a particular business delivers on its brand promise, if its values include

"individualized service" or "going the extra mile" for the customer. However, making and fulfilling a

brand promise to customers means the business must be customer centered in all of its operations and

interactions with customers.

SOURCE: PM:206/3.03

SOURCE: PM LAP 6—It's a Brand, Brand, Brand World! (The Nature of Branding)

80. A

This will reinforce their promises to customers and build the brands. Articulating brand values is not

enough; they must be acted upon. Customers must experience these values and brand qualities in

every encounter with a business or product in order to feel loyalty and to contribute to building the

brand's equity. There is no evidence that it is less expensive for a business to operate if everyone buys

into the same thing. Incorporating brand values into operations may provide the nugget of an

advertising idea, but this is not the reason for doing it; creating a satisfying "brand experience" for the

customer is. There is no evidence that says that there will be less employee "resistance" with a

standard brand philosophy; in fact, brand consistency throughout an organization's operations does

provide clarity for employees in terms of what is expected of them in how they do their jobs. It can

provide a rallying point for employees, as well.

SOURCE: PM:206/3.03

SOURCE: Kotler, P., & Lane, K. (2006). *Marketing management* (12th ed.) [pp. 280-281, 285-287].

Upper Saddle River, NJ: Prentice Hall.

81. C

Government regulation of ads. Government regulations, such as the one prohibiting radio and television

cigarette advertising, are part of the external factors that affect promotion. Changes in the product's

price or distribution methods, or a reorganization of the business are examples of internal factors that

affect promotion.

SOURCE: PR:001/4.01

SOURCE: PR LAP 2—Razzle Dazzle (Nature of Promotion)

82. C

Helps them to select appropriate products. Promotion helps the customer determine which product is

the right one for him/her, or the most appropriate. Promotion introduces new products to consumers

and assists with decision making. It does not help consumers to spend more on products or delay

decisions. It is the salesperson's job to identify the customer's buying motives, or reasons for buying.

SOURCE: PR:001/4.01

SOURCE: PR LAP 2—Razzle Dazzle (Nature of Promotion)

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83. A

Product promotion. Product promotion attempts to persuade consumers to buy a good or service. A

half-price sale is attempting to do just that. Since the business is paying for its own announcement, this

is not publicity. Institutional promotion aims to create a certain image in the eyes of consumers. Sales

promotion understands the concepts and strategies needed to communicate information about goods,

services, images, and/or ideas to achieve a desired outcome.

SOURCE: PR:002/4.01

SOURCE: PR LAP 4—Know Your Options (Types of Promotion)

84. B

To demonstrate the organization's role in community affairs. Institutional promotions aim to create a

certain image in the eyes of consumers. Supporting personal selling activities, introducing new goods or

services, and creating consumer interest in goods or services are all objectives of promotional

advertising.

SOURCE: PR:002/4.01

SOURCE: PR LAP 4—Know Your Options (Types of Promotion)

85. B

Growth. In the growth stage, competing products appear on the market, and promotional activities focus

on pointing out differences between competing products. When a product is first placed on the market,

it is in the introductory stage, and it is promoted to gain customer awareness. Little product promotion

occurs during the declining stage; rather, money is invested in promotional activities to maintain a

positive company image.

SOURCE: PR:003/4.01

SOURCE: PR LAP 1—Spread the Word (Nature of Promotional Mix)

86. A

Personal selling. Products sold to industrial users are usually complex, technical, expensive, and

require demonstration. Because of these characteristics, personal selling should be emphasized. Sales

promotion, publicity, and advertising could be used to support personal selling.

SOURCE: PR:003/4.01

SOURCE: PR LAP 1—Spread the Word (Nature of Promotional Mix)

87. A

By playing follow the leader. Competing businesses within the same industry usually use quite similar

promotional mixes because many of the factors affecting the promotional mix are the same for those

businesses. Businesses also use the same promotional activities to prevent losing customers to

competitors. Changing the distribution channel would not necessarily make the business more

competitive. Reducing the promotional budget or trying not to outdo the competition would make the

business less competitive.

SOURCE: PR:003/4.01

SOURCE: PR LAP 1—Spread the Word (Nature of Promotional Mix)

88. A

Company news release. Publicity is a nonpersonal form of promotion that is not paid for by the

company or individual that receives it. A news release would be prepared by the company but

presented at the publisher's expense. Direct mail, a billboard, and a company television commercial are

examples of advertising.

SOURCE: PR:003/4.01

SOURCE: PR LAP 1—Spread the Word (Nature of Promotional Mix)

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89. A

A television commercial depicts a woman mopping the kitchen with a new floor cleaner. A stereotype is

a set image or an assumption about a person or thing. Until recent decades, many people associated

homemaking or house cleaning as a female's primary responsibility. However, it is not generally true

today. With more women in the workforce, household and child care (e.g., a man pouring orange juice

for children), responsibilities are often shared with males. An ad campaign that presents a variety of

people suggests that all types of people drink milk. Therefore, the print ads aren't engaging in

stereotyping. Using a well-known athlete to promote continuing education does not necessarily promote

stereotypes.

SOURCE: PR:099/4.01

SOURCE: O'Guinn, T.C., Allen, C.T., & Semenik, R.J. (2009). *Advertising & integrated brand*

*promotion* (5th ed.) [p. 118]. Mason, OH: South-Western Cengage Learning.

90. C

You can increase your social status by purchasing this product. Materialism is an emphasis on, or

preoccupation with, attaining things or certain positions—the right clothes, car, job, or social status.

Some critics believe that advertisements reinforce a materialistic attitude in today's society—defining a

person's value in society by his/her possessions. For example, an ad for a designer product might imply

that you will achieve a certain social status or acceptance if you buy the product. An advertisement

claiming that a product has a higher government rating than a competitor's product is an example of a

comparison ad. An advertisement stating that a handmade product is constructed of organic materials

is an example of an ad that reinforces the concept of social responsibility. A business usually would not

place an advertisement for the sole purpose of directing consumers to its web site.

SOURCE: PR:099/4.01

SOURCE: Arens, W.F. (2004). *Contemporary advertising* (9th ed.) [pp. 64-65]. Boston: Irwin/McGraw

Hill.

91. D

Individualized messages. The new information technology that includes computerized databases allows

businesses to create individualized promotional messages. Businesses can collect a variety of

information about customers, enter that information into a database, and use the computer to sort the

data. For example, a business might track customers according to their preferences for products and

then generate mailing lists and individualized messages that promote specific products to specific

customers. Businesses created commercials, premiums, and publicity campaigns before the new

technology was developed; however, new technology makes some of these activities easier to perform.

SOURCE: PR:100/4.01

SOURCE: O'Guinn, T.C., Allen, C.T., & Semenik, R.J. (2009). *Advertising & integrated brand*

*promotion* (5th ed.) [p. 530]. Mason, OH: South-Western Cengage Learning.

92. D

Information can be communicated by more venues, and messages can be customized. Because there

are more people who are using personal computers, new computer software programs are being

developed to help businesses of all sizes to personalize promotional messages. Personalized

messages can be developed for specific target market members and can be communicated through

traditional direct mail or Internet (e.g., electronic mail, web sites) channels. Although technological

advancements often help companies become more productive and cost-efficient, it does necessarily

mean that the businesses have additional funds to spend on promotional activities. Although computer

advancements have helped accelerate the time to develop promotional campaigns, it does not

necessarily affect creativity. The number of channels needed to carry out promotional plans is highly

dependent on the type of promotional activity.

SOURCE: PR:100/4.01

SOURCE: O'Guinn, T.C., Allen, C.T., & Semenik, R.J. (2009). *Advertising & integrated brand*

*promotion* (5th ed.) [p. 530]. Mason, OH: South-Western Cengage Learning.

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93. B

Children are impressionable, and the wrong kinds of advertising can affect their development. This was

one of the most controversial issues of the 1970s. Children were watching hours and hours of television

each day, and some people believed that advertisers were taking advantage of the fact that children are

impressionable and often unable to evaluate advertising messages and make responsible purchase

decisions. So, legislation was passed and the Better Business Bureau, among others, published

guidelines geared specifically to advertisers who target children in their communication. Parents were

among those who raised issues about advertising to children but not primarily because their children

were asking for the products they saw on television. Research has shown that children exposed to a lot

of advertising do behave differently, but there is no known research linking juvenile offenders with

watching television advertising.

SOURCE: PR:101/4.01

SOURCE: Wells, W., Burnett, J., & Moriarty, S. (2003). *Advertising principles and practice* (6th ed.)

[p. 39]. Upper Saddle River, NJ: Prentice Hall.

94. D

A business must understand that the laws governing promotional activities vary by country. Some

countries have strict promotional laws that marketers must follow, while other countries' laws are

lenient. A business that breaks a promotional law may have to pay government fines, which is costly to

the business. Therefore, it is important for marketers to understand which promotional activities are,

and are not, permissible in the countries where they sell and promote products. The International Ad

Coalition is a fictitious organization. In some countries, industry and consumer groups influence how the

governments regulate promotion. Some, rather than most, countries have a system of checks and

balances to verify that promotion regulations are fair.

SOURCE: PR:101/4.01

SOURCE: Arens, W.F. (2004). *Contemporary advertising* (9th ed.) [pp. 74-76]. Boston: Irwin/McGraw

Hill.

95. C

They reach a lot of people at the same time. The mass media include print, broadcast, direct mail, outof-

home, and other media. They can literally reach people around the world at one time. The mass

media are also capable of reaching a specific audience, meeting the needs of many businesses, and

presenting large amounts of promotion, but it is their ability to reach masses of people that is

responsible for their name.

SOURCE: PR:007/4.02

SOURCE: PR LAP 3—Ad-quipping Your Business (Types of Advertising Media)

96. D

An electrical sign located in a high-traffic area. Out-of-home media also include billboards, painted

bulletins, blimps, and hot-air balloons. An eye-appealing card placed in a mailbox is an example of

direct mail. A calendar imprinted with a company's name is an example of specialty advertising.

SOURCE: PR:007/4.02

SOURCE: PR LAP 3—Ad-quipping Your Business (Types of Advertising Media)

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97. C

Increased sales. Word-of-mouth communication is promotion and publicity for a business provided by

customers who tell others of their satisfaction with the business. This type of positive communication

often leads to increased sales for the business because it attracts new customers. When satisfied

customers tell others about their positive experiences, they are encouraging others to buy from the

business. This will not decrease advertising costs because the business still needs to advertise.

Advertising is an operating expense. Word-of-mouth communication does not increase the product mix

which is the particular assortment of goods and services that a business offers in order to meet the

needs of its market and its company goals.

SOURCE: PR:247/4.02

SOURCE: Semenik, R.J. (2002). *Promotion and integrated marketing communications* (pp. 441-443).

Mason, OH: South-Western.

98. D

Providing information to activists to share with others. Word-of-mouth promotion involves customers

who tell others about their satisfaction with the business. Amplified word-of-mouth promotion involves

the use of proactive efforts (campaigns) in which the business provides specific information to

customers (activists) to pass along to their friends, family, and business contacts. On the other hand,

organic word-of-mouth promotion occurs naturally. Because customers are satisfied with the business

and its products, they tell others about this satisfaction in the course of normal conversation. For

example, if a business shows a sincere interest in the customer by asking for feedback, taking actions

to ensure customer loyalty, or improving products, the customer is likely to share those positive

experiences with others.

SOURCE: PR:247/4.02

SOURCE: Digital Vibes. (2008, June 1). *Word of mouth: Organic or amplified*. Retrieved May 24,

2011, from http://digitalvibes.wordpress.com/2008/06/01/word-of-mouth-101-organic-vsamplified/

99. B

Organic marketing. Word-of-mouth promotion occurs when customers tell others about their satisfaction

with the business. Organic word-of-mouth promotion occurs naturally. Because customers are satisfied

with the business and its products, they enthusiastically tell others about their satisfaction in the course

of normal conversation. In some situations, customers trust and like the product so much that they

become product advocates—putting in a good word whenever and wherever they can. Virtual

marketing involves communicating product information via the Internet. Mobile marketing involves

communicating information via mobile devices and networks (e.g., smartphones). Shill marketing

involves employing people to pose as customers who are satisfied with a business's product using

word-of-mouth techniques. Shill marketing is unethical behavior, and in some jurisdictions, it is an illegal

practice.

SOURCE: PR:247/4.02

SOURCE: WOMMA. (2010). *Organic vs. amplified word of mouth.* Retrieved May 24, 2011, from

http://womma.org/wom101/4/

100. D

Niche catalogs. These specialized catalogs focus on lifestyles and hobbies and can target specific

customers by using a database. Box-holder flyers are generally used to promote a business in a local

area, thus not reaching the audience sought by this retailer. Cable television shopping channels usually

carry well-known brands and usually require a large amount of inventory in stock to meet demands of

the customers. Computer kiosks are free-standing units that are located in stores or malls for

consumers to request information and order merchandise.

SOURCE: PR:089/4.02

SOURCE: O'Guinn, T.C., Allen, C.T., & Semenik, R.J. (2009). *Advertising & integrated brand*

*promotion* (5th ed.) [p. 211]. Mason, OH: South-Western Cengage Learning.

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101. D

They intend to motivate the consumer to take action. This is a key difference between direct strategies

and other types of advertising or promotion. Direct advertising strategies try to make the consumer do

something immediately: pick up the phone, go online, drive to the mall, etc. Its immediacy and strong

persuasiveness distinguish effective direct advertising strategies from other types of communication.

Creative techniques vary widely among different direct advertising strategies and are determined by

such factors as the objectives, the product being advertised, and the budget. Direct advertising

strategies are effective because they communicate with consumers on a more individual basis, not as

one large group. Some direct strategies get consumers' attention through the use of unusual copy and

graphics. However, some of the most effective direct strategies are also more straightforward—for

example, letters with long copy and few, if any, graphics. What works varies from situation to situation,

product to product.

SOURCE: PR:089/4.02

SOURCE: Wells, W., Burnett, J., & Moriarty, S. (2003). *Advertising principles and practice* (6th ed.)

[pp. 415-418]. Upper Saddle River, NJ: Prentice Hall.

102. A

A person orders an exercise machine by telephone after viewing an infomercial. Direct-response

advertising is a promotional method in which marketers provide the means for people to take action and

immediately respond to a message. An infomercial is defined as a lengthy commercial that looks like a

television program. A television channel airing an infomercial that includes a telephone number so

viewers are able to order the product is an example of direct-response advertising. When a person

orders the item advertised via the infomercial, the advertisement is successful because a sale has been

made. Billboards and movie theater previews are examples of out-of-home advertising. Coupon

distribution is an example of a sales promotion activity.

SOURCE: PR:089/4.02

SOURCE: Lane, W.R., King, K.W., & Russell, J.T. (2005). *Kleppner's advertising procedure* (16th ed.)

[pp. 396-397]. Upper Saddle River, NJ: Pearson/Prentice Hall.

103. D

Rebate. Sales-promotion techniques are activities other than advertising, selling, and personal selling

that stimulate customer purchases. A rebate is a sales-promotion technique in which a business

(manufacturer) returns part of the price that a customer (Ben) pays for a good (cellular telephone) or

service. Rebates stimulate sales because customers want to receive money back for their purchases.

Couponing involves the use of printed certificates that entitle the holder to a reduced purchase price.

Coupons are generally processed at the point of sale. Sweepstakes involve a game of chance in which

a customer wins a prize. A warranty is a promise made by the seller to the customer that the seller will

repair or replace a product that does not perform as expected. A warranty is a benefit of purchase

rather than a sales-promotion technique.

SOURCE: PR:249/4.02

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (pp. 372, 555).

Woodland Hills, CA: Glencoe/McGraw-Hill.

104. B

Product placement. Product placement is a sales-promotion strategy in which a product or brand is

mentioned or used as a prop by types of media such as television, film, or the theater. For example,

fans of the television series *Friday Night Lights* will often see the television characters eat in an

Applebee's restaurant. The intent of product placement is to generate and reinforce brand awareness

with a target market. Brand identification is the process by which all of the branding elements work

together to generate instant consumer recognition of a company or product. The use of props in

television shows and movies is not called product programming.

SOURCE: PR:249/4.02

SOURCE: Soloman, M.R., Marshall, G.W., & Stuart, E.W. (2008). *Marketing: Real people, real*

*choices* (5th ed.) [p. 428]. Upper Saddle River, NJ: Pearson Prentice Hall.

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105. D

Press releases. Press releases are written information provided to the media in order to obtain publicity.

They are a common communications channel, or method or providing information to others, used in

public relations. Businesses often send press releases to the media to announce good news, such as

plans for expansion, that will generate positive publicity for the business. Trade shows, product

displays, and billboards are not common communications channels used in public relations.

SOURCE: PR:250/4.02

SOURCE: Semenik, R.J. (2002). *Promotion and integrated marketing communications* (p. 456).

Mason, OH: South-Western.

106. B

Newsletters, annual reports, and the company's web site. Public relations involves establishing good

relationships between the business and the public. A business tries to maintain positive relationships

with different groups that make up the public, such as employees, local businesses, government

officials, the media, and the business's shareholders. Because the shareholders are the owners of the

company, it is important to develop and maintain positive relationships with them. The public-relations

department does this by communicating with them through newsletters, annual reports, the company's

web site, and online social networks. Print advertisements and commercials are forms of nonpersonal

advertising. Businesses use press releases and news conferences to convey information to the media.

Policy manuals help guide employees' actions on the job. Consumer blogs can be developed by

anyone to communicate positive and negative information about various goods and services. A

sponsorship is a partnership in which a company pays a fee to affiliate itself with a team, league, or

event.

SOURCE: PR:250/4.02

SOURCE: Soloman, M.R., Marshall, G.W., & Stuart, E.W. (2008). *Marketing: Real people, real*

*choices* (5th ed.) [pp. 432-435]. Upper Saddle River, NJ: Pearson Prentice Hall.

107. C

Provide friendly, courteous service. A company's sales personnel must have the appropriate personality

characteristics and attitudes in order to foster customer goodwill and encourage repeat business. These

characteristics include being patient, courteous, friendly, sincere, and trustworthy. Some businesses

change their product mix from time to time, but it is not necessary to make frequent changes or to

provide a wide variety of services. This approach might have the opposite effect from building a

clientele as customers would not know what to expect or would have too much from which to choose,

and is dependent on the type of business. It is not always possible to know customers personally.

SOURCE: SE:828/4.07

SOURCE: SE LAP 115—Keep Them Loyal (Building Clientele)

108. B

Service attitude. Toni's service attitude reflects a strong commitment to the client and his/her needs.

Credibility means that people can believe what you say. Confidentiality refers to keeping important

information secret. Persistence means having the staying power or endurance to follow through or to

reach a goal.

SOURCE: SE:828/4.07

SOURCE: SE LAP 115—Keep Them Loyal (Building Clientele)

109. B

Reduces them because making a repeat sale costs less than making an initial sale. Because of

reduced selling costs, it is to the organization's advantage to develop a loyal clientele. Repeat sales to

a client are more profitable for the business. With repeat sales, salespeople are usually able to increase

their commissions and bonuses.

SOURCE: SE:828/4.07

SOURCE: SE LAP 115—Keep Them Loyal (Building Clientele)

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110. A

Tom tells Mrs. Smith she can save $100 by purchasing a vacuum cleaner without the carpet

attachment, because she has hardwood floors. Tom is doing the customer a favor and demonstrating

ethical behavior by not selling her something for which she has no use. Mrs. Thompson is encouraging

John to pad his expense account, thus costing the company additional money. This practice

demonstrates unethical behavior towards the company. Even though Ron is saving the customer

money, he is undercutting his company. Mayhew's is engaging in a practice that is both illegal and

unethical.

SOURCE: SE:106/4.07

SOURCE: SE LAP 129—Keep It Real—In Sales (Selling Ethics)

111. A

Ethical issues can occur when the reciprocity hurts or eliminates competition. Reciprocal sales

arrangements are agreements between two parties that they will buy products from each other.

Reciprocal sales agreements do not always create ethical dilemmas; however, problems can occur

when the two parties deliberately try to eliminate competition. Price discrimination occurs when a seller

has different pricing structures for similar customers. Reciprocal sales agreements do not necessarily

create price discrimination. A breach of warranty occurs when the quality or performance of a product is

misrepresented by the seller. Reciprocal sales arrangements can occur with any type of business.

Therefore, technological businesses are not any more likely to experience ethical dilemmas when

engaging in reciprocal selling arrangements than other types of businesses.

SOURCE: SE:106/4.07

SOURCE: SE LAP 129—Keep It Real—In Sales (Selling Ethics)

112. B

Web presentation combined with a teleconference. Utilizing this combination, Caroline's client could

view the demonstration online as she walks the customer through the presentation. Teleconferencing

allows her to answer questions as they arise during the presentation. A PowerPoint presentation on CD

could be sent to the client to view, but this would not provide a live demonstration. Also, questions

would have to be addressed via another method. The high-tech sales-support office is maintained for

the use of salespeople who may be dispersed geographically or travel a great deal. A cell phone with

wireless faxing would provide a static picture while allowing questions to be answered. This could also

be time consuming for the salesperson and the client.

SOURCE: SE:107/4.07

SOURCE: Ingram, T.N, LaForge, R.W., Avila, R.A., Schwepker, C.H., & Williams, M.R. (2008).

*Professional selling: A trust-based approach* (4th ed.) [pp. 197-199]. Mason, OH: South-

Western Cengage Learning.

113. C

Mapping software. This software is used in territory management and enables managers to align

territories and get an instant visual display of the effects. Outbound telemarketing allows companies to

build extensive databases of current as well as potential customers. Database software is used to

create records of customers and related information for future use by the business. Inbound

telemarketing occurs when customers call a toll-free number to place an order, file a complaint, or ask a

question.

SOURCE: SE:107/4.07

SOURCE: Dlabay, L.R., Burrow, J.L., & Kleindl, B. (2009). *Intro to business* (7th ed.) [p. 205]. Mason,

OH: South-Western Cengage Learning.

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114. D

Tying arrangements. A tying arrangement is an illegal agreement requiring a customer to buy other

products in order to obtain desired goods and services. An example of a tying arrangement is a

salesperson's requiring a customer to buy the company's copy paper and toner in order to obtain the

desired copier machine. The copy paper and toner are the products tied to the main product.

Noncompete clauses in a salesperson's contract are legal in certain situations. Executive contracts and

competitive bids are legal.

SOURCE: SE:108/4.07

SOURCE: Boone, G., & Kurtz, D.L. (2009). *Contemporary marketing 2009* (p. 425). Mason, OH:

South-Western Cengage Learning.

115. B

Cooling-off. Many levels of government (e.g., local, state, provincial, national) have cooling-off laws.

Cooling-off regulations allow consumers the option to back out of a sales contract or transaction within

a limited period of time. These laws provide consumers with an opportunity to reevaluate sales

transactions, which often occurs when a salesperson uses high-pressure, unethical sales techniques.

Limited-probationary, conditional-sales, and buyer-withdrawal are not terms commonly used to describe

selling regulations.

SOURCE: SE:108/4.07

SOURCE: Futrell, C.M. (2006) *Fundamentals of selling: Customers for life through service* (9th ed.)

[p. 93]. New York: McGraw-Hill/Irwin.

116. C

Exclusive dealing. Exclusive dealing agreements forbid customers from buying products from

competitors. This selling practice is regulated because it reduces competition. Consumer protection

legislation addresses product labeling issues. Incentives and discounts are not selling activities that

always reduce competition.

SOURCE: SE:108/4.07

SOURCE: Boone, G., & Kurtz, D.L. (2009). *Contemporary marketing 2009* (pp. 424-425). Mason, OH:

South-Western Cengage Learning.

117. B

Message. The message, or body, is the most important component of an effective business letter. The

message explains the purpose of the letter and expresses the writer's thoughts to the reader. A

business letter is ineffective if the message is not well written and clearly understandable. The opening,

address, and heading direct the business letter to the appropriate person.

SOURCE: CO:133/4.08

SOURCE: Hyden, J.S., Jordan, A.K., & Steinauer, M.H. (2006). *Communicating for success* (3rd ed.)

[p. 308]. Mason, OH: Thomson South-Western.

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118. D

To sell goods and services. One reason for writing business letters is to sell goods and services to

customers. Employees often write letters that explain new goods and services in order to encourage

customers to buy. Well-written business letters are used to create interest in goods and services and to

increase sales. Communicating with friends, accepting social invitations, and applying for personal

credit are reasons why individuals write personal letters.

SOURCE: CO:133/4.08

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2006). *Marketing essentials* (pp. 187-190).

New York: Glencoe/McGraw-Hill.

119. D

Marketing research. A marketing researcher could be classified as the "Sherlock Holmes" of marketing.

These investigators look for clues as to what customers want and need, as well as why customers do

what they do. Careers in distribution/warehousing physically link products with consumers by delivering

them to customers when they are needed. Careers in advertising involve catching customer attention

and informing customers about products, companies, and/or ideas. Sales careers involve satisfying

customer needs with products.

SOURCE: PD:024/4.09

SOURCE: Churchill, G.A., Brown, T.J., & Suter, T.A. (2010). *Basic marketing research* (7th ed.)

[pp. 13-15]. Mason, OH: South-Western Cengage Learning.

120. B

Advertising. Advertisers use a variety of media to catch customers' attention, inform them of products,

and persuade them to buy. Some of these media are the Internet, radio, television, newspapers,

magazines, billboards, and catalogs. Marketing researchers are responsible for determining what

customers need and want and why customers do what they do. Product managers create, test, and

decide how a product will be packaged. They direct and coordinate all aspects of the product. Public

relations professionals strive to build and maintain positive relationships with the public by anticipating

problems, handling complaints, communicating with the media, and building a positive public image for

the company.

SOURCE: PD:024/4.09

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (p. 434).

Woodland Hills, CA: Glencoe/McGraw-Hill.

121. B

Product management. Product managers create, test, and decide how a product will be packaged.

They direct and coordinate all aspects of the product. Advertisers develop messages and images to

catch customers' attention, inform them of products, and persuade them to buy. They use a variety of

media to communicate with customers. Some of these media are the Internet, radio, television,

newspapers, magazines, billboards, and catalogs. Marketing researchers are responsible for

determining what customers need and want and why customers do what they do. Channel

management is the processes by which marketers ensure that products are distributed to customers

efficiently and effectively.

SOURCE: PD:024/4.09

SOURCE: Kimbrell, G., & Vineyard, B.S. (2006). *Succeeding in the world of work* (pp. 660-664). New

York: Glencoe/McGraw-Hill.

**Semester Two Exam Key**

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122. D

Communication. Communication, the exchange of information in which the words and gestures are

understood in the same way by both the speaker and the listener, is at the center of all marketing

activities. Whether employees are working with customers or working with a team member, they need

to effectively exchange ideas and information. Communicating with people is crucial in marketing

because marketing involves continuous interaction with customers and coworkers. Purchasing is a

marketing function. Although math skills and technological know-how are often needed to carry out

marketing activities, their successful completion and use are based on communication.

SOURCE: PD:024/4.09

SOURCE: Boone, G., & Kurtz, D.L. (2009). *Contemporary marketing 2009* (p. xxxxix). Mason, OH:

South-Western Cengage Learning.