

ch6

Student: _____

1. There are more final consumers than business and organizational customers, so more is purchased by final consumers.
True False
2. Organizational buyers are often referred to as the B2B market.
True False
3. Organizational buyers are also referred to as industrial or intermediate buyers.
True False
4. The process of organizational buying is entirely different from consumer buying.
True False
5. Like final consumers, organizations make purchases to satisfy specific needs, but their basic need is for goods and services that will help them satisfy their own customers or clients.
True False
6. Business and organizational customers are selective buyers who buy for the sole purpose of resale.
True False
7. Organizations always focus on economic factors when they make purchase decisions and are never as emotional as final consumers in their buying behavior.
True False
8. Dependability of supply is usually much less important than price for most business customers.
True False
9. The approaches used to serve business customers in international markets are even more varied than those required to reach individual consumers.
True False
10. Organizational buyers often buy on the basis of a set of purchasing specifications.
True False
11. A description of what a firm wants to buy is called its purchasing specifications, whether that description is written or electronic.
True False

12. Purchasing specifications should be used only with products where quality is highly standardized.

True False

13. Purchase specifications for services are usually very simple because services tend to be very standardized.

True False

14. Purchasing managers seldom use purchasing specifications to buy on the Internet.

True False

15. Purchasing specifications may be very simple (with only a brand name or part number) or very detailed (as with services).

True False

16. ISO 9000 is a way for a supplier to document that its quality procedures meet internationally recognized standards.

True False

17. ISO 9000 is only relevant to domestic suppliers.

True False

18. ISO 9000 is only relevant to international suppliers.

True False

19. ISO 9000 is relevant to both domestic and international suppliers.

True False

20. With ISO 9000 someone is responsible for quality at every step.

True False

21. ISO 9000 reduces the need for a customer to conduct its own audit of a supplier's quality procedures.

True False

22. Purchasing managers are buying specialists for organizations and may have a lot of power.

True False

23. "Multiple buying influence" means that several people in an organization share in making a purchase decision, but top management is never involved.

True False

24. Multiple-buying influence means that the buyer shares the purchasing decision with several people.

True False

25. Multiple buying influence means that several people except top management share in making a purchase decision.
- True False
26. A buying center is generally thought of as all the people who participate in or influence a purchase.
- True False
27. In a large company, the "buying center" refers to all of the purchasing managers who work for the firm:
- True False
28. A seller's marketing mix should satisfy BOTH the needs of the customer company and the needs of individuals in the buying center.
- True False
29. A requisition is a request to buy something.
- True False
30. A person who needs to purchase something usually completes a requisition.
- True False
31. Some firms add "spend management" systems to track large purchases.
- True False
32. A straight rebuy is a routine repurchase that may have been made many times before.
- True False
33. New-task buying is an in-between process where some review of the buying situation is done.
- True False
34. Few purchasing managers have been able to turn over any of their order placing to computers because so few organizational purchases are routine.
- True False
35. Straight-rebuy buying takes longer than modified-rebuy or new-task buying and offers more chance for promotion impact by the seller.
- True False
36. The Internet is making even straight rebuys more competitive.
- True False
37. Most purchasing managers use search engines as their FIRST step to satisfy new or unfamiliar questions.
- True False

38. Specialized search engines can help a business buyer search for products by description.
True False
39. Specialized search engines can help a business buyer search for products using purchase specifications.
True False
40. Specialized search engines can help a business buyer search for products by inspection.
True False
41. A business buyer who uses general purpose and/or specialized search engines may reduce the need to arrange for custom-produced items.
True False
42. A bid is the terms of sale offered by different suppliers in response to the purchase specifications posted by the buyer.
True False
43. The Internet is making it faster and easier for organizational buyers to use competitive bidding procedures.
True False
44. Procurement sites operate for the benefit of buyers by directing suppliers to them at one convenient site.
True False
45. At a procurement site, competition among sellers is likely to increase.
True False
46. Reverse auctions work best for differentiated products.
True False
47. Reverse auctions, unlike regular auctions, operate for the benefit of buyers.
True False
48. Reverse auctions, unlike regular auctions, operate for the benefit of sellers.
True False
49. Reverse auctions foster competition among buyers.
True False
50. Reverse auctions are less effective when the value provided to a customer comes from a complete marketing mix, not just a low price.
True False

51. So far, B2B e-commerce has had little effect on the way organizations make purchase decisions and deal with suppliers.

True False

52. Internet tools used in the B2B market that focus primarily on lowering price do not always lower TOTAL purchasing costs.

True False

53. In business markets, suppliers usually want close relationships with customers; however, there's little benefit to the customer of having closer relationships with suppliers.

True False

54. A close buyer-seller relationship in a business market may reduce a firm's flexibility.

True False

55. A long-term commitment by an organization to a partner may reduce flexibility.

True False

56. In business markets, a seller would always prefer to have a closer relationship with a customer.

True False

57. In business markets, buyer-seller relationships tend to be an "all-or-nothing" arrangement--either very close or not at all close.

True False

58. Although we talk about close "relationships" between firms in business markets, in practice it is just the relationship between the salesperson and purchasing manager that becomes close.

True False

59. In cooperative relationships in a business market, the buyer and seller work together to jointly achieve both mutual and individual objectives.

True False

60. Just-in-time delivery reliably helps to get products and store them long before the customer needs them.

True False

61. Just-in-time relationships between buyers and sellers usually require operational linkages and information sharing.

True False

62. Negotiated contract buying means agreeing to contracts that allow for changes in the purchase arrangements.

True False

63. Negotiated contract buying would be used when the buyer knows precisely what he wants and the requirements of the job aren't likely to change as the job is done.

True False

64. Relationship-specific adaptations involve changes in a firm's product or procedures that are unique to the needs or capabilities of a relationship partner.

True False

65. Specific adaptations are usually made when the buying organization chooses to outsource.

True False

66. Relationship-specific adaptations are usually not required when the buying organization uses outsourcing.

True False

67. To protect themselves from unpredictable events, most purchasing managers seek several dependable sources of supply.

True False

68. Most manufacturers are quite small, with 250 or fewer employees.

True False

69. Compared to final consumers, manufacturers tend to be more spread out geographically.

True False

70. In the U.S., many factories are concentrated in rural areas.

True False

71. It is very common for manufacturers to concentrate in certain geographic areas and by type of industry.

True False

72. The U.S. government collects and publishes data by the NAICS codes.

True False

73. The term "NAICS" stands for New Auto Industry Classification Survey.

True False

74. The U.S. government reports data on the number of firms, sales volume, and number of employees by NAICS code.

True False

75. Firms that are described by NAICS code 3152 are more similar than firms described by NAICS code 31.

True False

76. In the market composed of service producers, most firms are small and geographically dispersed.
True False
77. There are about 13 times as many service firms as manufacturing firms.
True False
78. Purchasing managers are even more likely to be involved in buying by small service firms than in buying by large producers.
True False
79. Purchases by small service firms are often handled by whoever is in charge (or an administrative assistant).
True False
80. Most retail and wholesale buyers see themselves as purchasing agents for their target customers.
True False
81. Sales reps calling on large food retailers often must make their sales presentations to a buyer who doesn't have the final decision responsibility.
True False
82. Most wholesalers and retailers pay very close attention to each item they handle, treating most products as new-task purchases.
True False
83. A retail buyer who is "open to buy" has funds budgeted to spend during the current time period.
True False
84. If a buyer is "open to buy," this means that he generated more sales than he expected.
True False
85. If the money has not yet been spent, retail buyers are called resident buyers.
True False
86. Independent buying agents who work in central markets, representing several wholesaler or retailer customers, are called resident buyers.
True False
87. Resident buyers are employees of chain stores who buy in central markets for their employers.
True False
88. Resident buyers are independent buying agents who work in central markets for several retailer or wholesaler customers based in outlying areas or other countries.
True False

89. The government is the largest customer group in all countries.

True False

90. Government is one of the smallest groups (in sales volume) of customers in the United States.

True False

91. When selling to government customers, both competitive bids and negotiated contracts are common.

True False

92. To share in the government market, it is advantageous to be on the list of approved suppliers.

True False

93. To compete in the government market, it is very important that marketing mixes are well matched with different bid procedures.

True False

94. The Internet is not very useful for firms that want to target government markets.

True False

95. Although outright influence peddling is common in some international markets, it is not allowed under the Foreign Corrupt Practices Act.

True False

96. Regarding U.S. business and organizational customers,

A. more goods and services are purchased by business and organizational customers than by final consumers.

B. there are more business and organizational customers than final consumers.

C. there are more manufacturers than all other types of business and organizational customers combined.

D. more goods and services are purchased by government buyers than by all other business and organizational customers.

E. Both B and D are true.

97. Which of the following is a business or organizational customer?

A. Producers of goods or services.

B. A retailer.

C. A wholesaler.

D. A government agency.

E. All of the above are business and organizational customers.

98. Which of the following are NOT "business and organizational customers?"

A. Wholesalers

B. Manufacturers

C. Financial institutions

D. Government units

E. All of the above ARE business and organizational customers.

99. Which of the following is NOT an organizational buyer?

- A. The Red Cross buying office supplies.
- B. A sporting goods retailer buying skis.
- C. A law office buying a background music service.
- D. A country club buying tennis balls for a tournament.
- E. All of the above are organizational buyers.

100. Which of the following is NOT an example of an organizational buyer?

- A. A government buyer purchasing a new desk for the mayor's office.
- B. A woman buying cookware to sell to her friends and neighbors.
- C. A sales rep buying a new necktie to make a good impression.
- D. A wholesaler buying a delivery truck.
- E. None of the above is a good example.

101. Which of the following is a business or organizational customer, as opposed to an individual final consumer?

- A. A wholesaler purchasing merchandise for resale.
- B. A business executive who purchases a new suit.
- C. A teacher who fills her car with gasoline.
- D. A homeowner who buys flowers at a garden center.
- E. None of the above.

102. The college or university that you attend is considered which type of organizational customer?

- A. Producer.
- B. Intermediary.
- C. Government.
- D. Nonprofit.

103. Macy's is considered which type of organizational customer?

- A. Producer.
- B. Intermediary.
- C. Government.
- D. Nonprofit.

104. John Deere is considered which type of organizational customer?

- A. Producer.
- B. Intermediary.
- C. Government.
- D. Nonprofit.

105. Concerning consumer and business markets:

- A. promotion to consumer markets usually relies more heavily on the use of personal selling.
- B. it is often easier to define customer needs in business markets.
- C. a marketing mix directed at an organizational customer is usually less precisely adjusted to the needs of the specific customer.
- D. All of the above are true.
- E. None of the above is true.

106. As compared to final consumers, organizations

- A. always focus on economic factors.
- B. have more varied needs, and require more varied marketing mixes.
- C. have needs that are often easier to understand.
- D. always set out detailed information about the performance standards the product must meet when quality is highly standardized.
- E. are usually more emotional in their buying than final consumers.

107. Which of the following is NOT true regarding organizational buyers?

- A. Buyers for all kinds of organizations (governments, nonprofit groups, intermediaries) tend to buy in much the same way as do manufacturers.
- B. The basic aspects of business customer buying behavior tend to be quite similar in the U.S. and in international markets.
- C. Marketing strategies aimed at them are often tailored to each individual customer.
- D. Their purchases are made to help their organizations meet the demands for their products.
- E. Their needs are usually harder to define than for final consumers.

108. Organizational customers:

- A. Purchase goods and services in order to satisfy their customers and clients.
- B. Are more emotional in their buying than final consumers.
- C. Try to consider the total cost of selecting a supplier, not just the initial cost of the product.
- D. Typically focus on behavioral needs instead of economic factors in making purchases.
- E. Both A and C.

109. In comparison to the buying of final consumers, the purchasing of organizational buyers:

- A. is strictly economic and not at all emotional.
- B. is always based on competitive bids from multiple suppliers.
- C. leans basically toward economy, quality, and dependability.
- D. is even less predictable.
- E. Both A and C are true statements.

110. If a firm targets business and organizational markets,

- A. the geographic location of the customer is likely to be less important than in segmenting consumer markets.
- B. NAICS codes may help in segmenting manufacturers but not producers of services.
- C. each customer may need to be treated as a different segment.
- D. All of the above are true.
- E. None of the above is true.

111. Organizational buying based on a written (or electronic) description of a product is called buying by _____.

- A. purchasing specifications
- B. inspection
- C. negotiated contract

112. _____ is a written or electronic description of what the firm wants to buy.

- A. An estimate
- B. A negotiated contract
- C. A new market order
- D. A purchase order
- E. A set of purchasing specifications

113. A set of _____ contains a written or electronic description of what a firm wants to buy.

- A. Requirements.
- B. Purchasing specifications.
- C. Blueprints.
- D. Quality certifications.
- E. Request forms.

114. Purchasing specifications may include:

- A. the product grade
- B. the brand name
- C. the part number
- D. all of the above
- E. none of the above

115. Purchasing specifications

- A. may simply include a brand name or part number when purchasing requirements are complicated.
- B. for services, as compared to goods, tend to be detailed because services are usually performed before they're purchased.
- C. for services, as compared to goods, tend to be detailed because services are more standardized than goods.
- D. are often simple for manufactured items with highly standardized quality.
- E. None of the above are correct.

116. Which of the following buying methods would a supermarket buyer be MOST LIKELY to use in the purchase of grade A large eggs?

- A. Purchasing specifications
- B. Competitive bidding
- C. Negotiated contract

117. Which of the following products would be bought using purchasing specifications?

- A. 100 gallons of Du Pont brand muriatic acid.
- B. 1,000 700MB CD-Rs.
- C. 50 pounds of number 10 USX nails.
- D. all of the above.
- E. none of the above.

118. Which of the following buying methods would a purchasing manager be most likely to use on the Internet?

- A. Inspection
- B. Negotiated contract
- C. Purchasing specifications

119. ____ is a way for a supplier to document its quality procedures according to internationally recognized standards.

- A. ISO 2000
- B. ISO 9000
- C. ISO 3000
- D. ISO 8000
- E. ISO 3001

120. Which of the following statements about ISO 9000 is NOT TRUE?

- A. ISO 9000 is a way for a supplier to document its quality procedures according to internationally recognized standards.
- B. ISO 9000 reassures a customer that the supplier has effective quality checks in place after it conducts a personal quality audit.
- C. Some customers will not buy from a supplier who does not have ISO 9000 certification.
- D. One requirement for ISO 9000 certification is that a company must show outside auditors who is responsible for quality every step of the way.
- E. ISO 9000 helps organizational customers who are considering a new supplier.

121. Which of the following statements about ISO 9000 is FALSE?

- A. ISO 9000 is a way for government suppliers to document their quality procedures, but it does not apply to other organizational suppliers.
- B. A supplier that has met the ISO 9000 standard is always better than one that has not.
- C. ISO 9000 applies to international suppliers only.
- D. All of the above are false.
- E. None of the above is false.

122. Buying specialists for organizations are commonly called:

- A. supply agents.
- B. vendor agents.
- C. value analysts.
- D. purchasing managers.
- E. consumer buyers.

123. A purchasing manager:

- A. Is basically a clerk who fills out paperwork to place orders.
- B. Is the only person a business-to-business salesperson ever needs to see in order to make a sale to a buying organization.
- C. May specialize by product area if he/she works for a large organization.
- D. Is only interested in finding the lowest possible price for a product.
- E. All of the above.

124. Purchasing managers in business markets (compared to buyers in consumer markets) are generally:

- A. fewer in number.
- B. more technically qualified.
- C. less emotional in their buying motives.
- D. more insistent on dependability and quality.
- E. all of the above.

125.Regarding organizational buying,

- A. a "national accounts" sales force often makes sense when firms with many facilities buy from a central location.
- B. purchasing managers are more likely to be found in large organizations.
- C. a geographically bound salesperson can be at a real disadvantage.
- D. All of the above are true.
- E. None of the above is true.

126.When a salesperson calls on a new business prospect,

- A. he may have trouble identifying all of the buying center members.
- B. he usually must see the purchasing manager first.
- C. the probability of encountering a gatekeeper is high.
- D. All of the above are true.
- E. None of the above is true.

127._____ are responsible for working with suppliers and arranging the terms of sale.

- A. Gatekeepers
- B. Deciders
- C. Influencers
- D. Users
- E. Buyers

128.During the purchase of janitorial services for a new building, Teresa has responsibility for working with suppliers and arranging the terms of the sale. In this role, Teresa appears to be acting as

- A. a gatekeeper.
- B. a decider.
- C. a buyer.
- D. a user.
- E. an influencer.

129.In a buying center, which of the following are likely to be influencers?

- A. Purchasing managers who arrange the terms of the sale.
- B. People who supply information for evaluating alternatives.
- C. People who have the power to select or approve suppliers.
- D. People who control the flow of information.
- E. Purchasing managers who shield users or other deciders.

130.In the purchase of a new computer monitor, which of the following is an example of a user?

- A. A purchasing manager who arranges the terms of the sale.
- B. An IT manager who supplies information for evaluating alternatives.
- C. A secretary whose computer monitor is being replaced.
- D. A receptionist who controls the flow of information.
- E. A supply manager who helps write specifications.

131. Among the multiple buying influences, _____ control the flow of information within the organization.
- A. gatekeepers
 - B. deciders
 - C. influencers
 - D. information agents
 - E. buyers
132. During the purchase of new tooling at Acme Tool and Die, which of the following is an example of a gatekeeper?
- A. Sara, a purchasing manager, arranges the terms of the sale.
 - B. Ross, from R&D, supplies information for evaluating alternatives.
 - C. Charlotte, in manufacturing, has the power to select or approve suppliers.
 - D. Andre, a research assistant, gathers and distributes information about alternatives.
 - E. Rita, from the manufacturing floor, will use the new tooling.
133. Regarding organizational buying, the people who have the power to select or approve the supplier--especially for larger purchases--are called:
- A. influencers.
 - B. deciders.
 - C. buyers.
 - D. gatekeepers.
 - E. users.
134. ABC Technologies manufactures computer accessories, such as modems and network cards. Even though the company has several purchasing managers, the company president has final authority on all purchases over \$500, including the selection of the supplier. In the typical buying center in this company, the company president would have the primary role of:
- A. User.
 - B. Buyer.
 - C. Influencer.
 - D. Decider.
 - E. Gatekeeper.
135. Natalie Simopoulos, director of procurement at Grecian Glass Company must approve every purchase order, and Anthony Markatos, purchasing manager, must authorize any sales rep who wants to talk to a Grecian Glass employee. Natalie and Anthony are acting as _____ and _____, respectively.
- A. decider and gatekeeper
 - B. influencer and user
 - C. gatekeeper and influencer
 - D. buyer and decider
 - E. user and gatekeeper

136. A furniture producer has decided to buy its upholstery cloth from new suppliers. The president has given the purchasing manager responsibility to make the final selections and negotiate the terms. The purchasing manager looks through books with samples and specifications, and then calls salespeople to make presentations to the production manager, who is concerned about how easy the cloth will be to cut and sew. In this case, the purchasing manager is

- A. an influencer.
- B. a buyer.
- C. a decider.
- D. a gatekeeper.
- E. all of the above.

137. For new-task buying, a good salesperson will try to contact the potential customer's:

- A. deciders.
- B. gatekeepers.
- C. influencers.
- D. buyers (purchasing managers).
- E. All of the above.

138. If many individuals are involved in a buying decision, this is:

- A. a multiple input situation.
- B. a selective rebuy.
- C. a modified rebuy.
- D. a multiple buying influence situation.
- E. a straight rebuy.

139. Multiple buying influence is MOST likely to occur in which of the following purchases?

- A. note pads.
- B. a voice-mail phone system.
- C. a replacement for a broken chair.
- D. gasoline.
- E. paper clips.

140. A _____ refers to all of the people who participate in or influence a purchase.

- A. procurement department
- B. bidding group
- C. set of gatekeepers
- D. sales analysis group
- E. buying center

141. A "buying center"

- A. may vary from purchase to purchase.
- B. refers to all the purchasing agents in a large firm.
- C. is usually identified on a firm's organization chart.
- D. is usually controlled by the purchasing manager.
- E. is usually located in major wholesale markets.

142. Vendor analysis is a(n)

- A. analytic processing of requests to buy something from a vendor.
- B. formal rating of suppliers on all relevant areas of performance.
- C. analytic processing of requests to sell something to a vendor.
- D. request to buy something.
- E. written description of what the firm wants to buy.

143. Vendor analysis

- A. ensures objectivity by disregarding whether a supplier has been used in the past.
- B. emphasizes the emotional factors in a purchase decision.
- C. is used less now that multiple buying influence is more common.
- D. All of the above are true.
- E. None of the above is true.

144. Vendor analysis:

- A. Has the sole objective of getting the lowest possible price on a particular product or service from the supplier.
- B. Does not take into account the behavioral needs of purchasing managers and others involved in the buying decision.
- C. Is a formal rating of suppliers on all relevant areas of performance.
- D. All of the above.
- E. A and C only.

145. Vendor analysis

- A. emphasizes the emotional factors in a purchase decision.
- B. is a formal procedure used by a vendor's salespeople to be certain that all members of a buying center have been contacted.
- C. is used less now that multiple buying influence is more common.
- D. is likely to favor a vendor that offers the customer the lowest total cost associated with the purchase.
- E. None of the above is true.

146. The goal of vendor analysis is

- A. just getting a low price from the supplier on a given part or service.
- B. just satisfying the needs of the customer company.
- C. lowering the total costs associated with purchases.
- D. satisfying the needs of the individuals who influence the purchase.
- E. focusing buyers and sellers on just the economic factors needed to reduce costs.

147. Regarding selling to organizational buyers,

- A. the buyer's individual needs can be ignored when there is multiple buying influence.
- B. purchasing managers are usually more emotional than final consumers.
- C. a purchasing manager's emotional needs should be emphasized as well as his economic needs.
- D. sellers should try to avoid purchasing managers, since they usually can't make the final buying decision.
- E. All of the above are true.

148. A typical purchasing manager:

- A. buys strictly on economic needs.
- B. tries to satisfy both individual needs and company needs.
- C. seeks the lowest possible cost.
- D. has the final decision on all purchases.
- E. All of the above.

149. Purchasing managers

- A. are, in general, not very well educated.
- B. always buy from the lowest price supplier.
- C. may be willing to pay more to reduce personal risk.
- D. are usually the last ones a salesperson sees, after the order has been approved by the gatekeepers.
- E. None of the above is true.

150. Most purchasing managers:

- A. reject "vendor analysis" as too subjective.
- B. want to be "sold" by persuasive salespeople.
- C. spend most of their time on new-task buying.
- D. stress dependability as well as lower cost and higher quality.
- E. dislike the higher risk that is involved in buying from a supplier that meets the ISO 9000 standard.

151. Organizational buyers:

- A. rely on many sources of information in addition to salespeople when making purchase decisions.
- B. may use vendor analysis to make certain that all relevant areas of a purchase decision have been considered.
- C. are likely to do little search for additional information if the purchase is unimportant.
- D. tend to be more rational--and less emotional--in their buying decisions than final consumers.
- E. All of the above are true.

152. Organizational buyers:

- A. are producers' agents.
- B. are problem solvers.
- C. base purchasing decisions entirely on company needs.
- D. are not affected by emotional needs.
- E. All of the above are true.

153. A requisition

- A. is only used for nonroutine purchases.
- B. is the same as a purchase order.
- C. sets the terms under a negotiated contract.
- D. is a formal contract between a buyer and a seller.
- E. none of the above is true.

154. An office manager needs office supplies, so he fills out a form indicating what he needs and sends it to the purchasing department to be ordered. This form is usually called
- A. a purchase order.
 - B. a requisition.
 - C. a vendor analysis.
 - D. a buying center request.
 - E. the start of the adoption process.
155. A person who needs to purchase something usually completes a
- A. requisition.
 - B. supply form.
 - C. contract.
 - D. certificate of purchase.
 - E. vendor analysis.
156. All of the following are true of requisitions except
- A. it is a request to buy something.
 - B. it is frequently handled online to cut time and paper shuffling.
 - C. its processing usually takes a few hours for both simple and complex purchases.
 - D. it is a form of centralized control.
157. Which of the following is NOT one of the organizational buying processes discussed in the text?
- A. multiple task buying.
 - B. modified rebuy buying.
 - C. new-task buying.
 - D. straight rebuy buying.
 - E. None of the above, i.e., all are buying processes.
158. Which of the following is NOT one of the organizational buying processes discussed in the text?
- A. Straight rebuy buying
 - B. Modified rebuy buying
 - C. Important task buying
 - D. New-task buying
 - E. None of the above, i.e., all are buying processes.
159. Multiple buying influence should be expected in:
- A. vendor buying.
 - B. straight rebuy buying.
 - C. modified rebuy buying.
 - D. new-task buying.
 - E. none of the above.

160.Regarding new-task organizational buying, which of the following are likely to be involved?

- A. top managers.
- B. purchasing manager.
- C. production process engineers.
- D. production line supervisors.
- E. all of the above.

161.Regarding new-task organizational buying, which of the following persons is LEAST likely to be involved?

- A. a competitor's purchasing manager.
- B. a purchasing manager.
- C. a production line supervisor.
- D. the company president.
- E. a research assistant.

162.New-task buying

- A. is a routine repurchase that may have been made many times before.
- B. occurs when an organization has a new need and the customer wants a great deal of information.
- C. is an in-between process where some review of the buying situation is done.
- D. occurs when an organization has a routine need and the customer wants only minimal information.
- E. involves no review of suppliers.

163.A buyer who has not purchased from a vendor in the past is MOST LIKELY to buy from that vendor when there is:

- A. straight rebuy buying
- B. selective buying.
- C. new-task buying.
- D. selective task buying.
- E. modified rebuy buying.

164.Which of the following buying situations gives a seller the most chance for promotion impact?

- A. Selective task buying
- B. Modified rebuy buying
- C. New-task buying
- D. Straight rebuy buying
- E. All of the above are equal.

165.For which of the following would an organization most likely engage in new task buying?

- A. A small portable welding machine for use in making repairs.
- B. A new desktop copying machine.
- C. Dishwashing detergent for use in a restaurant.
- D. A new desk chair to replace one that had broken.
- E. A 10,000 square foot prefabricated steel building for use as a warehouse.

166. Sweets Galore, the manufacturer of Rainbow brand lollipops, decided to expand into manufacturing liqueur-filled chocolate truffles. Its buying process for the chocolates, liqueurs, and molds was extensive, and included setting product specifications and evaluating sources of supply. This is an example of a

- A. straight buy.
- B. modified rebuy.
- C. straight rebuy.
- D. new-task buy.
- E. simplified rebuy.

167. Definitely Scrumptious Co., a cookie manufacturer, decides to expand into cake manufacturing. It begins the buying process for cake molds, toppings, and icing equipment by setting product specifications and evaluating sources of supply. This is an example of a

- A. simplified buy.
- B. straight rebuy.
- C. modified rebuy.
- D. straight buy.
- E. new-task buy.

168. Straight rebuy

- A. decisions, as contrasted with modified rebuys, are more likely to involve multiple buying influence.
- B. vendor selections are likely to be made by a purchasing manager--without consulting anyone else.
- C. decisions are infrequent, but they typically take longer to make than new-task buying decisions.
- D. decisions usually involve getting negotiated bids from suppliers.
- E. decisions cannot be influenced by advertising.

169. A straight rebuy

- A. involves setting product specifications and evaluating sources of supply.
- B. occurs when an organization has a new need and the customer wants a great deal of information.
- C. is an in-between process where some review of the buying situation is done.
- D. occurs when an organization has a new need but the customer wants only minimal information.
- E. is a routine repurchase that may have been made many times before.

170. Organizational buyers:

- A. tend to rely almost totally on salespeople as their source of information.
- B. prefer formal procedures for rating vendors over informal approaches like vendor analysis.
- C. are likely to do little search for additional information if the purchase is unimportant.
- D. tend to be more emotional than final consumers--because their jobs are at risk if a problem arises.
- E. None of the above is true.

171. Percy Malik, purchasing agent for Black Mountain Chemical Industries, routinely signs purchase orders for office supplies without further consideration. At Black Mountain, purchases of office supplies are

- A. a modified rebuy.
- B. a necessity.
- C. Somewhat Insignificant Commodity (SIC) items.
- D. a selective rebuy.
- E. a straight rebuy.

172. A sales representative calls on a prospective business customer only to find that the customer has an established relationship with another supplier that seems to be working well. The customer is not interested in considering other suppliers. The customer is currently in a _____ situation.
- A. Straight rebuy.
 - B. Modified rebuy.
 - C. New-task.
 - D. Extensive problem-solving.
 - E. Limited problem-solving.
173. Home Sweet Home Co. manufactures and sells handmade wooden furniture. Its manager routinely orders 50 cartons of Supreme Furniture Polish and 10 bottles of Ultra Sheen Varnish from the same vendor. This is an example of a
- A. straight buy.
 - B. modified rebuy.
 - C. new-task buy.
 - D. straight rebuy.
 - E. simplified buy.
174. Circle Z Tires is a retailer of car tires. Unless the store manager requests something different, every month there is an automatic order of 10 XZ Performance Tires and 12 J-1 wheels from Box Tire Supply. This is an example of a
- A. new-task buy.
 - B. modified rebuy.
 - C. straight rebuy.
 - D. modified buy.
 - E. simplified buy.
175. Rosalinda's Steak House purchases 70 T-bone steaks every Friday -- including last Friday. Last Friday's order was an example of a
- A. straight buy.
 - B. modified rebuy.
 - C. new-task buy.
 - D. straight rebuy.
 - E. simplified buy.
176. A straight rebuy is MOST likely to occur for:
- A. a new computer network.
 - B. a pension plan which meets the new government regulations.
 - C. paper supplies for the copy equipment.
 - D. electronic components for a new product.
 - E. executive chairs for a new office building.
177. A vendor is MOST likely to make a sale if the buyer has bought from the vendor before and is doing:
- A. straight rebuy buying.
 - B. selective buying.
 - C. multiple task buying.
 - D. modified rebuy buying.
 - E. new-task buying.

178. A vendor is LEAST LIKELY to make a sale if the buyer has not bought from the vendor before and is doing:
- A. straight rebuy buying
 - B. selective buying.
 - C. new-task buying.
 - D. selective task buying.
 - E. modified rebuy buying.
179. A purchase having some multiple influence and requiring some information would fit the description of a
- A. new-task buy.
 - B. modified buy.
 - C. straight rebuy.
 - D. modified rebuy.
 - E. simplified buying.
180. A modified rebuy would be most likely when:
- A. A railroad plans to change from steel to aluminum rail cars to cut weight.
 - B. A car producer is developing a sportier car which will require wider tires.
 - C. A bread producer is placing its weekly order for flour.
 - D. A computer producer is buying new assembly line equipment.
 - E. A shoe factory needs more glue to attach heels to its shoes.
181. A modified rebuy is MOST likely to occur for:
- A. file folders.
 - B. brooms.
 - C. paper clips.
 - D. a desk.
 - E. copier paper.
182. Whitewater Corp. is looking for a new vendor for basic plastics because the present vendor has been inconsistent about meeting delivery schedules. Which of the following buying processes is the firm's purchasing agent MOST LIKELY to use?
- A. Selective buying
 - B. Modified rebuy buying
 - C. Intensive buying
 - D. New-task buying
 - E. Straight rebuy buying
183. In his last order, the bakery manager at Bread of the Earth Bakery purchased a different brand of whole wheat flour from his regular supplier, Best Bakery Supplies. This is an example of a
- A. modified rebuy.
 - B. straight buy.
 - C. straight rebuy.
 - D. new-task buy.
 - E. simplified buy.

184. Purchasing managers rely on Internet _____ to quickly identify new suppliers.

- A. Procurement engines.
- B. Collaboration sites.
- C. Purchasing sites.
- D. Search engines.
- E. Search sites.

185. Regarding e-commerce website resources:

- A. Online marketplaces provide one-stop shopping with industry news, purchase information, sales leads, and order placement.
- B. Reverse auctions foster price competition among suppliers.
- C. Online marketplaces connect buyers and sellers in particular industries.
- D. Procurement sites direct suppliers to a buyer at one convenient location.
- E. All of the above are true.

186. Regarding e-commerce website resources:

- A. Purchasing specifications are commonly used online to describe what a firm wants to buy.
- B. Online auction sites commonly operate for the benefit of sellers.
- C. Competitive bidding systems commonly drive down prices at procurement hubs.
- D. Online reverse auction sites commonly operate for the benefit of buyers.
- E. All of the above are true.

187. Regarding B2B e-commerce:

- A. Procurement sites foster competition among sellers.
- B. Online auction sites foster competition among buyers.
- C. Reverse auction sites foster competition among sellers.
- D. All of the above are correct.
- E. None of the above is correct.

188. Wendy Chin wants to set up a website that will offer "one-stop shopping" for businesses in the restaurant supply industry. The site will allow restaurant owners a place to keep up with industry news, identify suppliers, gather information when making purchases, and place orders. This site would be an example of

- A. a reverse auction house.
- B. a new task buying site.
- C. a buying center.
- D. a bidding site.
- E. an online marketplace.

189. _____ are the terms of sale offered by different suppliers in response to the purchase specifications posted by the buyer.

- A. Competitive bids
- B. Purchasing rebuys
- C. Legal bonds
- D. Requisitions
- E. Reverse auctions

190. Charles Wood, purchasing manager for a company that makes golf carts, posted the purchase specifications for the seats on a new golf cart model his firm is building. Four suppliers submitted _____ that included the terms of sale each had to offer.
- A. operational linkages.
 - B. a reverse auction.
 - C. negotiated contracts.
 - D. competitive bids.
 - E. defined sales procedures.
191. Reverse auctions are MOST effective
- A. when the value provided to the customer comes from a complete marketing mix.
 - B. when customers are most interested in low prices.
 - C. when specific adaptations are needed.
 - D. for highly differentiated products.
 - E. when only one supplier is bidding.
192. All of the following are key dimensions of relationships in business markets EXCEPT:
- A. cooperation.
 - B. information sharing.
 - C. operational linkages.
 - D. non-specific adaptations.
 - E. legal bonds.
193. Which of the following is NOT a key dimension of buyer-seller relationships in business markets?
- A. legal bonds
 - B. new-task sharing
 - C. cooperation
 - D. operational linkages
 - E. information sharing
194. Which of the following is NOT a key dimension of buyer-seller relationships in business markets?
- A. information sharing
 - B. legal bonds
 - C. cooperation
 - D. operational linkages
 - E. all of the above are key dimensions
195. Which of the following is NOT a key dimension of buyer-seller relationships in business markets?
- A. legal bonds
 - B. relationship-specific adaptations
 - C. joint inspection
 - D. operational linkages
 - E. information sharing

196. Which of the following is NOT a key dimension of buyer-seller relationships in business markets?

- A. legal bonds
- B. relationship-specific adaptations
- C. cooperation
- D. operational linkages
- E. bid rigging

197. Which of the following is NOT a key dimension of buyer-seller relationships in business markets?

- A. legal bonds
- B. relationship-specific recycling
- C. cooperation
- D. operational linkages
- E. information sharing

198. Which of the following is NOT a key dimension of buyer-seller relationships in business markets?

- A. Competition.
- B. Information sharing.
- C. Relationship-specific adaptations.
- D. Operational linkages.
- E. Legal bonds.

199. Which of the following statements about close buyer-seller relationships in business markets is FALSE?

- A. In close relationships, buyers and suppliers can share tasks at a lower total cost of doing business.
- B. The buyer can gain a more dependable source of supply.
- C. Buyers and suppliers can engage in joint problem solving.
- D. Long-term commitments on larger order quantities often cause the supplier to raise its selling price.
- E. None of the above statements is false.

200. In business markets, close buyer-seller relationships

- A. may improve the profits of both the buyer and the seller.
- B. are almost always desirable from the seller's point of view, but not from the buyer's point of view.
- C. may have benefits, but they usually increase a firm's uncertainty and risk.
- D. None of the above.
- E. All of the above.

201. Close buyer-seller relationships may not make sense because:

- A. Flexibility may be reduced for the firms involved.
- B. Not all purchases are important enough to the buyer to justify a close relationship with a supplier.
- C. Some suppliers do not want to deal with buyers who place small orders.
- D. There are situations when the buyer could get reduced prices by letting suppliers compete for the buyer's business.
- E. All of the above.

202. With respect to buyer-seller relationships in business markets,

- A. relationships benefit sellers, but not customers.
- B. some customers simply are not interested in a close relationship with a supplier.
- C. customer firms are better off selecting suppliers with competitive bids rather than establishing a relationship with a single vendor.
- D. All of the above are true.
- E. None of the above is true.

203. Suppliers to business markets often

- A. provide information about industry trends.
- B. must manage inventory and delivery carefully--to provide customers with just-in-time delivery.
- C. serve as technical consultants to their customers.
- D. All of the above are true.
- E. None of the above is true.

204. In business markets, close buyer-seller relationships

- A. often involve a number of people from different areas in both the buyer and supplier firms.
- B. may be based on regular, good-faith reviews rather than legal contracts.
- C. can help reduce uncertainty and risk.
- D. usually focus on driving down joint costs.
- E. All of the above.

205. A close buyer-seller relationship in a business market:

- A. may require relationship-specific adaptations by the seller, the customer, or both.
- B. may result in the seller accepting a lower price.
- C. may increase the buyer's "switching costs."
- D. may not involve a contract that spells out each party's responsibilities.
- E. All of the above are true.

206. Operational linkages are

- A. direct ties between the internal operations of buyer and seller firms.
- B. changes in a firm's product or procedures that are unique to its relationship partner.
- C. connections that outline contractual obligations.
- D. services that link a buyer's production and purchasing departments.
- E. websites that help buyers conduct reverse auctions.

207. Which of the following statements about operational linkages is FALSE?

- A. Operational linkages may involve the routine activities of individuals who almost become part of the customer's operations.
- B. Operational linkages are direct ties between the internal operations of the buyer and seller firms.
- C. Operational linkages involve only occasional coordination of activities between buying and selling firms.
- D. Just-in-time delivery is an example of an operational linkage.
- E. None of the above is false.

208. _____ refers to reliably getting products there exactly before the customer needs them.

- A. Total quality shipping
- B. Effective gatekeeping
- C. Just-in-time delivery
- D. On-time vendor management
- E. Assured outsourcing

209. When a purchasing manager knows roughly what is needed but can't describe it exactly--or when the purchasing arrangement may change as the job progresses--then buying is likely to be by:

- A. negotiated contract.
- B. description.
- C. inspection.

210. Today, when a buyer can't specify all of the details of what it will need in the future, the relationship with a supplier is most likely to involve:

- A. a reverse auction.
- B. a procurement hub.
- C. negotiated contracts.
- D. competitive bids.
- E. all of the above.

211. Which of the following situations would involve negotiated contract buying?

- A. design and manufacture a new computer accessory.
- B. produce and deliver 1,000 tons of tomatoes.
- C. manufacture and ship 500 secretarial chairs.
- D. all of the above.
- E. none of the above.

212. Creative Electronics has an idea for a new MP3 accessory. Now it is looking for a supplier to design and manufacture the product. It will most likely use _____ buying.

- A. description.
- B. negotiated contract.
- C. inspection.

213. Rico Paving Contractors enters into a contract with Valley Supply for the purchase of 100 bags of cement per week for the next 16 weeks at a price of \$15 per bag. The contract also includes a condition that allows prices to be revised if costs go up more than \$1 per bag. This purchase involves

- A. an indefinite delivery contract.
- B. negotiated contract buying.
- C. a good faith purchase.
- D. cost reimbursement contracting.
- E. price allocation purchasing.

214. A catalog merchant wants to build a new distribution center that will improve inventory management, storage of products, shipping, and returns. The company develops a close relationship with UPS, its main supplier of shipping services. UPS helps the catalog merchant design its new distribution center so that it coordinates well with the shipping processes at UPS. This arrangement reduces shipping costs and improves service to the catalog merchant's customers. This situation is an example of:
- A. Information sharing.
 - B. Negotiated contract buying.
 - C. Legal bonds.
 - D. Competition.
 - E. Relationship-specific adaptations.
215. Chu's Coating Services, a painting company, designs a set of four paint colors that will only be used by custom motorcycle maker Walker County Choppers. This decision is an example of
- A. competitive bidding.
 - B. just-in-time delivery.
 - C. insourcing.
 - D. operational linkages.
 - E. a relationship-specific adaptation.
216. Specific adaptations are usually required when a buyer chooses _____, which is a contract with an external firm to produce goods or services rather than the buyer producing them internally.
- A. gatekeeping
 - B. resident buying
 - C. competitive bidding
 - D. outsourcing
 - E. auctioning
217. Organizational buyers purchase the same product from more than one source
- A. if no supplier has a superior marketing mix.
 - B. to help ensure continuing supplies.
 - C. because a single vendor usually doesn't want all of the business.
 - D. if vendor analysis results in a "tie score" for the different suppliers.
 - E. None of the above is true.
218. Regarding the size of manufacturing concerns, large firms (with more than 250 employees)
- A. outnumber small firms more than two to one.
 - B. account for nearly half of all the manufacturing establishments.
 - C. are few in number but their employees account for nearly half of all employed people.
 - D. provide no more "value added" than the many small firms.
 - E. None of the above is true.
219. Regarding the manufacturers' market, large firms (with more than 250 employees)
- A. account for the majority of the total "value added" by all manufacturers.
 - B. are very few compared to the many small firms.
 - C. employ about half of all people employed in manufacturing.
 - D. All of the above are true.
 - E. None of the above is true.

220.Regarding the business (manufacturing) market, small firms (with fewer than 10 employees)

- A. are not very numerous compared to the very large firms.
- B. account for the vast majority of the total employment provided by all manufacturers.
- C. are the majority of all firms, but account for less than 3 percent of "value added" by manufacturing.
- D. amount to nearly two million establishments.
- E. None of the above is true.

221.Regarding the market composed of manufacturers in the United States:

- A. Most manufacturers are quite large.
- B. Manufacturers tend to be concentrated in specific areas.
- C. There are a large number of manufacturers compared to the number of final consumers.
- D. Small manufacturers account for most of the "value added" by manufacturing.
- E. All of the above.

222.Which of the following statements about manufacturers is true?

- A. Most manufacturers have more than 50 employees.
- B. Small manufacturer with less than 50 employees account for half of the total dollar value added.
- C. Small manufacturers now have purchasing procedures just as formal as large manufacturers.
- D.Manufacturers with less than 50 employees have more employees overall than manufacturers with 50 or more employees.
- E. Marketers often segment industrial markets on the basis of customer size.

223.Which of the following statements about manufacturers is true?

- A. Industrial customers are concentrated in countries that are at the more advanced stages of economic development.
- B. Manufacturing output in the U.S. is shrinking.
- C. Countries with cheap labor have a slow rate of growth.
- D. Many factories are concentrated in rural areas of the U.S.
- E. Currently, U.S. manufacturing output is at its lowest point since 1980.

224.What percentage of total U.S. "value added" is produced by manufacturers which employ 250 or more employees?

- A. 40 percent
- B. Almost 60 percent
- C. 30 percent
- D. Less than 5 percent
- E. 10 percent

225.U.S. business manufacturing markets tend to be concentrated:

- A. by industry.
- B. with a relatively few large manufacturing plants.
- C. by geographical location.
- D. All of the above.
- E. Only B and C above.

226. U.S. manufacturers:

- A. all employ many workers.
- B. are evenly spread throughout the country.
- C. tend to concentrate by industry.
- D. do not locate close to competitors.
- E. Both C and D.

227. If a firm targets business and organizational markets,

- A. NAICS codes may be helpful for segmenting potential customers in Europe but not those in the U.S.
- B. each customer may need to be treated as a different segment.
- C. competing manufacturers are often clustered in geographic locations.
- D. All of the above are true.
- E. Both B and C are true.

228. The U.S. government collects and publishes data by _____ codes -- groups of firms in similar lines of business.

- A. JIT.
- B. MFG LIST.
- C. PRIZM USA.
- D. NAPCS.
- E. NAICS.

229. "NAICS" means:

- A. North American Initiative for Competitive Structure.
- B. North American Industry Classification System.
- C. New Auto Industry Classification System.
- D. National Automakers Industry Classification System.
- E. National Apparel Industry Classification System.

230. When looking at NAICS codes:

- A. The fewer numbers in the code, the more general the industry classification is.
- B. The more numbers in the code, the more general the industry classification is.
- C. The fewer numbers in the code, the more specific the industry classification is.
- D. The more numbers in the code, the more specific the industry classification is.
- E. Both A and D.

231. You have just been asked by your manager to compile data on firms in California that have a specific 4-digit NAICS code. You should know

- A. that there are no 4-digit NAICS codes.
- B. that there is only one firm to find, since each firm has its own 4-digit NAICS code.
- C. that it is possible that no data will be available, even if there is one large firm in California in that 4-digit industry.
- D. that she is talking about the New Auto Industry Classification Survey.
- E. that none of the above is true.

232. The U.S. government would NOT publish NAICS data that gives:

- A. the total sales volume of the four steel manufacturers in a Metropolitan Statistical Area.
- B. the number of employees for similar two digit industry groups.
- C. the total sales volume of the only textile equipment manufacturer in a state.
- D. the sales volumes of similar two digit industry groups.
- E. the number of establishments for various industry groups.

233. Which of the following NAICS codes would be used by a marketing manager who wanted data on the MOST GENERAL breakdown of a particular industry?

- A. 31
- B. 31522
- C. 315
- D. 3152
- E. There is no way to tell from the information provided.

234. Which of the following NAICS codes would be used by a marketing manager who wanted data that was the MOST SPECIFIC to a particular type of firm within an industry?

- A. 31
- B. 31522
- C. 315
- D. 3152
- E. There is no way to tell from the information provided.

235. If you obtain a customer's four digit NAICS code, you should know that:

- A. this firm might be manufacturing quite different products than other firms with the same number.
- B. the firm may also have a five digit code.
- C. a number of other firms probably have the same code.
- D. the firm may also have a six digit code.
- E. All of the above are true.

236. As contrasted with manufacturers, producers of services are:

- A. more geographically spread out.
- B. growing fast domestically and internationally.
- C. more numerous.
- D. All of the above.
- E. None of the above.

237. Which of the following statements about purchasing by small service firms is NOT TRUE?

- A. Purchases by small service firms are often handled by whoever is in charge.
- B. Purchases by small service firms can add up and these smaller firms are now an important target market.
- C. Purchases by small service firms are usually handled by a person with full-time responsibility for purchasing.
- D. Small service firms may need much more help in buying than large corporations.
- E. Small service companies often rely on e-commerce for purchases.

238. With regard to retail buying:

- A. Most retail buyers see themselves as purchasing agents for their suppliers.
- B. Buying committees, instead of individual retail buyers, may make the decisions.
- C. Retail buyers make most purchases as modified rebuys.
- D. All of the above are correct.
- E. None of the above is correct.

239. Regarding buying by intermediaries,

- A. computer-controlled inventory systems make buyers more dependent on sales reps.
- B. buying committees are a way for supermarkets to handle the flood of new products.
- C. buyers are seldom influenced by their salespeople.
- D. wholesalers and retailers typically only carry products which they have judged "socially desirable."
- E. all of the above are true.

240. When a large wholesaler or retailer uses a buying committee,

- A. the buyer still makes the final purchase decision.
- B. the sales rep may not be able to make a sales presentation to the committee.
- C. the impact of persuasive salespeople is increased.
- D. the intermediary is more likely to take a chance on a really new product that hasn't yet proved itself.
- E. All of the above are true.

241. Committee buying in large retail chains

- A. makes the buyers work as a group and thus lower costs.
- B. allows a sales rep to avoid a difficult buyer.
- C. makes it difficult for the seller to see a buyer personally.
- D. reduces the impact of a persuasive sales rep.
- E. All of the above.

242. Because more intermediaries are using computer systems to control inventory levels,

- A. they can assess the profitability of each product.
- B. new-task buying is increasing.
- C. they are carrying larger inventories.
- D. negotiated contract buying is increasing.
- E. All of the above are occurring.

243. Large wholesale and retail buyers typically:

- A. pay close attention to each of the products they buy.
- B. don't trust automatic inventory control methods.
- C. see themselves as selling agents for manufacturers.
- D. buy most of their products as straight rebuys.
- E. None of the above.

244. In large retail firms

- A. committee buying favors sellers with persuasive salespeople.
- B. buying committees are the way all buying decisions are now made.
- C. buyers have computer systems that let them know the profitability of different competing products.
- D. purchasing agents make decisions based on what products they would buy themselves.
- E. None of the above is true.

245. Retail buyers that have money available to spend are said to be _____.

- A. open to buy
- B. ready to negotiate
- C. residential buyers
- D. looking for new items
- E. merchandise ready

246. A retail buyer being "open to buy" means that:

- A. increases in demand have him back in the market.
- B. multiple buying influence will not occur.
- C. he will buy only if offered special prices.
- D. he has budgeted funds that he can spend during the current period.
- E. the sales rep should call during those "open" hours.

247. "Open to buy"

- A. means that a retail buyer is in the market looking for "good buys."
- B. refers to the business hours when the retail buyer is available for sales reps.
- C. means that a retail buyer still has budgeted funds to spend during the current period.
- D. refers to retail buyers who have shelf space available for new products.
- E. means that "new-task" buying is likely.

248. Resident buyers

- A. are not "resident" in the buying firm, but rather are independent buying agents in central markets.
- B. are especially helpful to small producers and intermediaries.
- C. are frequently used to help select new styles and fashions, as well as fill-in items.
- D. are usually paid an annual fee--based on their purchases.
- E. All of the above are true.

249. Resident buyers:

- A. usually work for only one large retailer because of the work involved.
- B. are independent buying agents who work for several retailers.
- C. frequently travel to central markets to buy new styles.
- D. maintain offices in retailers' buying departments.
- E. All of the above.

250. Independent buying agents who work in central markets for wholesalers and retailers from outlying areas are called:

- A. buying committees.
- B. buying centers.
- C. buying agents.
- D. brokers.
- E. resident buyers.

251. Which of the following statements about retail buying is FALSE?

- A. In most retail operations, a "resident buyer" runs his own department--and his decision is final.
- B. Most retail buyers see themselves as purchasing agents for their target customers.
- C. Retail buyers make most purchases as straight rebuys.
- D. A retail buyer is usually "open to buy" only when s/he has not spent all of the budgeted funds.
- E. Resident buyers are independent buying agents who help producers and intermediaries reach each other inexpensively.

252. Which of the following statements about resident buyers is true?

- A. They are independent buying agents who work for a particular retailer or wholesaler customer.
- B. They operate in rural markets in developing countries.
- C. They buy fill-in items once a year for their customers.
- D. They help small channel members reach each other inexpensively.
- E. They usually are paid a monthly commission based on the market they work in.

253. With regard to government buying:

- A. One of the primary concerns of government buyers is finding the lowest price.
- B. A government buyer may be forced to accept the lowest bid whether he wants the goods or not.
- C. A government buyer can accept a higher bid when lower bids don't meet the required specifications.
- D. All of the above are correct.
- E. None of the above is correct.

254. Which of the following statements about bidding for government business is true?

- A. Government buying needs are hard to identify--and their primary concern is with finding the lowest price.
- B. Government buyers avoid using negotiated contracts since they must purchase at a pre-set price.
- C. A government buyer may be forced to accept the lowest bid that meets the specifications.
- D. The biggest job of the government buyer is to locate enough potential suppliers so the bidding procedure works effectively.
- E. All of the above are true statements.

255. All of the following are true of government markets except

- A. the government is the largest customer group in all countries.
- B. most government customers buy by specification using a mandatory bidding procedure.
- C. the government buyer must often accept the lowest bid that meets the specifications.
- D. by law, a government unit might have to accept the lowest bid even for an unwanted product.
- E. government purchases are usually subject to much public review.

256.The government market:

- A. Is one of the smallest customer groups in the United States.
- B. Often has a buying process that includes purchase specifications and competitive bidding procedures.
- C. Never utilizes negotiated contract buying.
- D. Purchases a fairly narrow range of products dealing with public safety.
- E. All of the above.

257.The government market

- A. often relies on an "approved supplier list" for routine items that are bought frequently.
- B. is the largest customer group in the United States, accounting for about 30 percent of the gross domestic product.
- C. usually buys from the lowest price supplier that can meet the written specifications.
- D. All of the above are true.
- E. None of the above are true.

258.Government buyers in the U.S. usually buy by:

- A. specification--using a mandatory bidding procedure.
- B. negotiated contracts.
- C. haggling.
- D. influence peddling.
- E. Both A and B.

259.Regarding the government market,

- A. sales reps generally do not (and should not) write the specifications for government business.
- B. government is the largest customer group in the United States--spending about 30 percent of GDP.
- C. governments buy a lot, but only of certain products and can be safely ignored by most producers.
- D. negotiated contracts are uncommon because of mandatory bidding procedures.
- E. All of the above are true.

260.Regarding U.S. government market buying,

- A. a buyer may order from a supplier on the "approved list" at a previously set price--without asking for new bids.
- B. most buyers write specs so that only one brand or supplier qualifies.
- C. it is illegal for a salesperson to try to influence the writing of product specifications.
- D. Both A and C are true.
- E. None of the above is true.

261.In selling to government units, a supplier should do each of the following EXCEPT:

- A. Learn the bidding methods of government units it is targeting.
- B. Match marketing mixes to bid procedures.
- C. Read about potential government target markets from various government publications.
- D. Get permission from the government in a particular country to sell to that country.
- E. All of the above should be done by suppliers.

262.The Foreign Corrupt Practices Act:

- A. prohibits U.S. firms from paying bribes to foreign officials.
- B. levies stiff penalties against people who pay bribes.
- C. exempts managers whose agents secretly pay bribes.
- D. was amended to allow small grease money payments if they are customary in that country.
- E. All of the above.

263.This act, passed by the U.S. Congress in 1977, prohibits U.S. firms from paying bribes to foreign officials.

- A. Corporate Responsibility for the New Millenium Act
- B. Racketeer Influenced and Corrupt Organization Act
- C. Ethics in Business Act
- D. Anti-Bribery Act
- E. Foreign Corrupt Practices Act

264.The Foreign Corrupt Practices Act:

- A. allows small grease money payments if they are customary in the foreign country in which a firm is operating.
- B. does not hold a manager responsible if a foreign agent secretly pays a bribe on his own.
- C. allows U.S. firms to pay bribes to foreign officials if the payment is made outside the U.S.
- D. all of the above.
- E. only A and B above.

ch6 Key

1. There are more final consumers than business and organizational customers, so more is purchased by final consumers.
(p. 140)

FALSE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 06 #1
Question Type: Definition
Self-Test: No

2. Organizational buyers are often referred to as the B2B market.
(p. 140)

TRUE

AACSB: 13 Economic environments
Chapter: 6
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 06 #2
Question Type: Definition
Self-Test: No

3. Organizational buyers are also referred to as industrial or intermediate buyers.
(p. 140)

TRUE

AACSB: 13 Economic environments
Chapter: 6
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 06 #3
Question Type: Definition
Self-Test: No

4. The process of organizational buying is entirely different from consumer buying.
(p. 141)

FALSE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 06 #4
Question Type: Definition
Self-Test: No

5. Like final consumers, organizations make purchases to satisfy specific needs, but their basic need is for goods and services that will help them satisfy their own customers or clients.
(p. 141)

TRUE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 06 #5
Question Type: Definition
Self-Test: No

6. Business and organizational customers are selective buyers who buy for the sole purpose of resale.
(p. 141)

FALSE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 06 #6
Question Type: Comprehension
Self-Test: No

7. Organizations always focus on economic factors when they make purchase decisions and are never as emotional as final consumers in their buying behavior.
(p. 141)

FALSE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 06 #7
Question Type: Comprehension
Self-Test: No

8. Dependability of supply is usually much less important than price for most business customers.
(p. 142)

FALSE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 06 #8
Question Type: Definition
Self-Test: No

9. The approaches used to serve business customers in international markets are even more varied than those required to reach individual consumers.
(p. 142)

FALSE

AACSB: 13 Economic environments
Chapter: 6
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 06 #9
Question Type: Definition
Self-Test: No

10. Organizational buyers often buy on the basis of a set of purchasing specifications.
(p. 143)

TRUE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 06 #10
Question Type: Definition
Self-Test: No

11. A description of what a firm wants to buy is called its purchasing specifications, whether that description is written or electronic.

(p. 143)

TRUE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 06 #11
Question Type: Definition
Self-Test: No

12. Purchasing specifications should be used only with products where quality is highly standardized.

(p. 143)

FALSE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 06 #12
Question Type: Definition
Self-Test: No

13. Purchase specifications for services are usually very simple because services tend to be very standardized.

(p. 143)

FALSE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 06 #13
Question Type: Definition
Self-Test: No

14. Purchasing managers seldom use purchasing specifications to buy on the Internet.

(p. 143)

FALSE

AACSB: 12 IT influences
Chapter: 6
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 06 #14
Question Type: Definition
Self-Test: No

15. Purchasing specifications may be very simple (with only a brand name or part number) or very detailed (as with services).

(p. 143)

TRUE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 06 #15
Question Type: Definition
Self-Test: No

16. ISO 9000 is a way for a supplier to document that its quality procedures meet internationally recognized standards.
(p. 143)

TRUE

AACSB: 9 Value creation
Chapter: 6
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 06 #16
Question Type: Definition
Self-Test: No

17. ISO 9000 is only relevant to domestic suppliers.
(p. 143)

FALSE

AACSB: 9 Value creation
Chapter: 6
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 06 #17
Question Type: Definition
Self-Test: No

18. ISO 9000 is only relevant to international suppliers.
(p. 143)

FALSE

AACSB: 9 Value creation
Chapter: 6
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 06 #18
Question Type: Definition
Self-Test: No

19. ISO 9000 is relevant to both domestic and international suppliers.
(p. 143)

TRUE

AACSB: 9 Value creation
Chapter: 6
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 06 #19
Question Type: Definition
Self-Test: No

20. With ISO 9000 someone is responsible for quality at every step.
(p. 143)

TRUE

AACSB: 9 Value creation
Chapter: 6
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 06 #20
Question Type: Definition
Self-Test: No

21. ISO 9000 reduces the need for a customer to conduct its own audit of a supplier's quality procedures.
(p. 143)

TRUE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 06 #21
Question Type: Definition
Self-Test: No

22. Purchasing managers are buying specialists for organizations and may have a lot of power.
(p. 143)

TRUE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 06 #22
Question Type: Definition
Self-Test: No

23. "Multiple buying influence" means that several people in an organization share in making a purchase decision, but top management is never involved.
(p. 144)

FALSE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 06 #23
Question Type: Comprehension
Self-Test: No

24. Multiple-buying influence means that the buyer shares the purchasing decision with several people.
(p. 144)

TRUE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 06 #24
Question Type: Definition
Self-Test: No

25. Multiple buying influence means that several people except top management share in making a purchase decision.
(p. 144)

FALSE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 06 #25
Question Type: Comprehension
Self-Test: No

26. A buying center is generally thought of as all the people who participate in or influence a purchase.
(p. 145)

TRUE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 06 #26
Question Type: Comprehension
Self-Test: No

27. In a large company, the "buying center" refers to all of the purchasing managers who work for the firm:
(p. 145)

FALSE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 06 #27
Question Type: Definition
Self-Test: No

28. A seller's marketing mix should satisfy BOTH the needs of the customer company and the needs of individuals in the buying center.
(p. 145-146)

TRUE

AACSB: 9 Value creation
Chapter: 6
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 06 #28
Question Type: Definition
Self-Test: No

29. A requisition is a request to buy something.
(p. 147)

TRUE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 06 #29
Question Type: Definition
Self-Test: No

30. A person who needs to purchase something usually completes a requisition.
(p. 147)

TRUE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 06 #30
Question Type: Comprehension
Self-Test: No

31. Some firms add "spend management" systems to track large purchases.
(p. 147)

FALSE

AACSB: 4 Use of IT
Chapter: 6
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 06 #31
Question Type: Definition
Self-Test: No

32. A straight rebuy is a routine repurchase that may have been made many times before.
(p. 148)

TRUE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 06 #32
Question Type: Comprehension
Self-Test: No

33. New-task buying is an in-between process where some review of the buying situation is done.
(p. 148)

FALSE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 06 #33
Question Type: Comprehension
Self-Test: No

34. Few purchasing managers have been able to turn over any of their order placing to computers because so few organizational purchases are routine.

FALSE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 06 #34
Question Type: Definition
Self-Test: No

35. Straight-rebuy buying takes longer than modified-rebuy or new-task buying and offers more chance for promotion impact by the seller.
(p. 149-150)

FALSE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 06 #35
Question Type: Integrating
Self-Test: No

36. The Internet is making even straight rebuys more competitive.
(p. 149)

TRUE

AACSB: 4 Use of IT
Chapter: 6
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 06 #36
Question Type: Definition
Self-Test: No

37. Most purchasing managers use search engines as their FIRST step to satisfy new or unfamiliar questions.
(p. 150)

TRUE

AACSB: 4 Use of IT
Chapter: 6
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 06 #37
Question Type: Definition
Self-Test: No

38. Specialized search engines can help a business buyer search for products by description.
(p. 150)

TRUE

AACSB: 4 Use of IT
Chapter: 6
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 06 #38
Question Type: Definition
Self-Test: No

39. Specialized search engines can help a business buyer search for products using purchase specifications.
(p. 150)

TRUE

AACSB: 4 Use of IT
Chapter: 6
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 06 #39
Question Type: Definition
Self-Test: No

40. Specialized search engines can help a business buyer search for products by inspection.
(p. 150)

FALSE

AACSB: 4 Use of IT
Chapter: 6
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 06 #40
Question Type: Definition
Self-Test: No

41. A business buyer who uses general purpose and/or specialized search engines may reduce the need to arrange for custom-produced items.
(p. 150)

TRUE

AACSB: 4 Use of IT
Chapter: 6
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 06 #41
Question Type: Definition
Self-Test: No

42. A bid is the terms of sale offered by different suppliers in response to the purchase specifications posted by the buyer.
(p. 150)

FALSE

AACSB: 9 Value creation
Chapter: 6
Difficulty: Hard
LearnObj: 3
Perreault - Chapter 06 #42
Question Type: Definition
Self-Test: No

43. The Internet is making it faster and easier for organizational buyers to use competitive bidding procedures.
(p. 150-151)

TRUE

AACSB: 12 IT influences
Chapter: 6
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 06 #43
Question Type: Definition
Self-Test: No

44. Procurement sites operate for the benefit of buyers by directing suppliers to them at one convenient site.
(p. 150)

TRUE

AACSB: 4 Use of IT
Chapter: 6
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 06 #44
Question Type: Definition
Self-Test: No

45. At a procurement site, competition among sellers is likely to increase.
(p. 150)

TRUE

AACSB: 4 Use of IT
Chapter: 6
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 06 #45
Question Type: Definition
Self-Test: No

46. Reverse auctions work best for differentiated products.

(p. 151)

FALSE

AACSB: 4 Use of IT
Chapter: 6
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 06 #46
Question Type: Definition
Self-Test: No

47. Reverse auctions, unlike regular auctions, operate for the benefit of buyers.

(p. 151)

TRUE

AACSB: 4 Use of IT
Chapter: 6
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 06 #47
Question Type: Definition
Self-Test: No

48. Reverse auctions, unlike regular auctions, operate for the benefit of sellers.

(p. 151)

FALSE

AACSB: 4 Use of IT
Chapter: 6
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 06 #48
Question Type: Definition
Self-Test: No

49. Reverse auctions foster competition among buyers.

(p. 151)

FALSE

AACSB: 4 Use of IT
Chapter: 6
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 06 #49
Question Type: Definition
Self-Test: No

50. Reverse auctions are less effective when the value provided to a customer comes from a complete marketing mix, not just a low price.

(p. 151)

TRUE

AACSB: 4 Use of IT
Chapter: 6
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 06 #50
Question Type: Definition
Self-Test: No

51. So far, B2B e-commerce has had little effect on the way organizations make purchase decisions and deal with suppliers.
(p. 150-151)

FALSE

AACSB: 4 Use of IT
Chapter: 6
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 06 #51
Question Type: Definition
Self-Test: No

52. Internet tools used in the B2B market that focus primarily on lowering price do not always lower TOTAL purchasing costs.
(p. 150-151)

TRUE

AACSB: 4 Use of IT
Chapter: 6
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 06 #52
Question Type: Definition
Self-Test: No

53. In business markets, suppliers usually want close relationships with customers; however, there's little benefit to the customer of having closer relationships with suppliers.
(p. 151-152)

FALSE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 06 #53
Question Type: Definition
Self-Test: No

54. A close buyer-seller relationship in a business market may reduce a firm's flexibility.
(p. 152)

TRUE

AACSB: 9 Value creation
Chapter: 6
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 06 #54
Question Type: Definition
Self-Test: No

55. A long-term commitment by an organization to a partner may reduce flexibility.
(p. 152)

TRUE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 4
Perreault - Chapter 06 #55
Question Type: Comprehension
Self-Test: No

56. In business markets, a seller would always prefer to have a closer relationship with a customer.
(p. 152)

FALSE

AACSB: 13 Economic environments
Chapter: 6
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 06 #56
Question Type: Definition
Self-Test: No

57. In business markets, buyer-seller relationships tend to be an "all-or-nothing" arrangement--either very close or not at all close.
(p. 152)

FALSE

AACSB: 13 Economic environments
Chapter: 6
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 06 #57
Question Type: Definition
Self-Test: No

58. Although we talk about close "relationships" between firms in business markets, in practice it is just the relationship between the salesperson and purchasing manager that becomes close.
(p. 152)

FALSE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 06 #58
Question Type: Definition
Self-Test: No

59. In cooperative relationships in a business market, the buyer and seller work together to jointly achieve both mutual and individual objectives.
(p. 152)

TRUE

AACSB: 9 Value creation
Chapter: 6
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 06 #59
Question Type: Definition
Self-Test: No

60. Just-in-time delivery reliably helps to get products and store them long before the customer needs them.
(p. 154)

FALSE

AACSB: 9 Value creation
Chapter: 6
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 06 #60
Question Type: Comprehension
Self-Test: No

61. Just-in-time relationships between buyers and sellers usually require operational linkages and information sharing.
(p. 154)

TRUE

AACSB: 9 Value creation
Chapter: 6
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 06 #61
Question Type: Definition
Self-Test: No

62. Negotiated contract buying means agreeing to contracts that allow for changes in the purchase arrangements.
(p. 154)

TRUE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 06 #62
Question Type: Definition
Self-Test: No

63. Negotiated contract buying would be used when the buyer knows precisely what he wants and the requirements of the job aren't likely to change as the job is done.
(p. 154)

FALSE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 06 #63
Question Type: Definition
Self-Test: No

64. Relationship-specific adaptations involve changes in a firm's product or procedures that are unique to the needs or capabilities of a relationship partner.
(p. 154)

TRUE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 06 #64
Question Type: Definition
Self-Test: No

65. Specific adaptations are usually made when the buying organization chooses to outsource.
(p. 155)

TRUE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Hard
LearnObj: 4
Perreault - Chapter 06 #65
Question Type: Comprehension
Self-Test: No

66. Relationship-specific adaptations are usually not required when the buying organization uses outsourcing.
(p. 155)

FALSE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 06 #66
Question Type: Comprehension
Self-Test: No

67. To protect themselves from unpredictable events, most purchasing managers seek several dependable sources of supply.
(p. 155)

TRUE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 06 #67
Question Type: Comprehension
Self-Test: No

68. Most manufacturers are quite small, with 250 or fewer employees.
(p. 155-156)

TRUE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 06 #68
Question Type: Definition
Self-Test: No

69. Compared to final consumers, manufacturers tend to be more spread out geographically.
(p. 156)

FALSE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 06 #69
Question Type: Definition
Self-Test: No

70. In the U.S., many factories are concentrated in rural areas.
(p. 156)

FALSE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 5
Perreault - Chapter 06 #70
Question Type: Comprehension
Self-Test: No

71. It is very common for manufacturers to concentrate in certain geographic areas and by type of industry.
(p. 156)

TRUE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 06 #71
Question Type: Comprehension
Self-Test: No

72. The U.S. government collects and publishes data by the NAICS codes.
(p. 156)

TRUE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 06 #72
Question Type: Comprehension
Self-Test: No

73. The term "NAICS" stands for New Auto Industry Classification Survey.
(p. 156)

FALSE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 06 #73
Question Type: Definition
Self-Test: No

74. The U.S. government reports data on the number of firms, sales volume, and number of employees by NAICS code.
(p. 156)

TRUE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 06 #74
Question Type: Definition
Self-Test: No

75. Firms that are described by NAICS code 3152 are more similar than firms described by NAICS code 31.
(p. 157)

TRUE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 06 #75
Question Type: Definition
Self-Test: No

76. In the market composed of service producers, most firms are small and geographically dispersed.
(p. 158)

TRUE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 06 #76
Question Type: Comprehension
Self-Test: No

77. There are about 13 times as many service firms as manufacturing firms.
(p. 158)

TRUE

AACSB: 10 Org Dynamics
Chapter: 6
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 06 #77
Question Type: Definition
Self-Test: No

78. Purchasing managers are even more likely to be involved in buying by small service firms than in buying by large producers.
(p. 158)

FALSE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 06 #78
Question Type: Comprehension
Self-Test: No

79. Purchases by small service firms are often handled by whoever is in charge (or an administrative assistant).
(p. 158)

TRUE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 06 #79
Question Type: Comprehension
Self-Test: No

80. Most retail and wholesale buyers see themselves as purchasing agents for their target customers.
(p. 158)

TRUE

AACSB: 9 Value creation
Chapter: 6
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 06 #80
Question Type: Definition
Self-Test: No

81. Sales reps calling on large food retailers often must make their sales presentations to a buyer who doesn't have the final decision responsibility.
(p. 159)

TRUE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 06 #81
Question Type: Comprehension
Self-Test: No

82. Most wholesalers and retailers pay very close attention to each item they handle, treating most products as new-task purchases.
(p. 159)

FALSE

AACSB: 9 Value creation
Chapter: 6
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 06 #82
Question Type: Definition
Self-Test: No

83. A retail buyer who is "open to buy" has funds budgeted to spend during the current time period.
(p. 160)

TRUE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 06 #83
Question Type: Definition
Self-Test: No

84. If a buyer is "open to buy," this means that he generated more sales than he expected.
(p. 160)

FALSE

AACSB: 9 Value creation
Chapter: 6
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 06 #84
Question Type: Definition
Self-Test: No

85. If the money has not yet been spent, retail buyers are called resident buyers.
(p. 160)

FALSE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 06 #85
Question Type: Comprehension
Self-Test: No

86. Independent buying agents who work in central markets, representing several wholesaler or retailer customers, are called resident buyers.

(p. 160)

TRUE

AACSB: 9 Value creation
Chapter: 6
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 06 #86
Question Type: Definition
Self-Test: No

87. Resident buyers are employees of chain stores who buy in central markets for their employers.

(p. 160)

FALSE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 06 #87
Question Type: Definition
Self-Test: No

88. Resident buyers are independent buying agents who work in central markets for several retailer or wholesaler customers based in outlying areas or other countries.

(p. 160)

TRUE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 06 #88
Question Type: Comprehension
Self-Test: No

89. The government is the largest customer group in all countries.

(p. 160)

FALSE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 06 #89
Question Type: Comprehension
Self-Test: No

90. Government is one of the smallest groups (in sales volume) of customers in the United States.

(p. 160)

FALSE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 06 #90
Question Type: Definition
Self-Test: No

91. When selling to government customers, both competitive bids and negotiated contracts are common.
(p. 160)

TRUE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 06 #91
Question Type: Definition
Self-Test: No

92. To share in the government market, it is advantageous to be on the list of approved suppliers.
(p. 160)

TRUE

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 06 #92
Question Type: Definition
Self-Test: No

93. To compete in the government market, it is very important that marketing mixes are well matched with different bid procedures.
(p. 161)

TRUE

AACSB: 9 Value creation
Chapter: 6
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 06 #93
Question Type: Definition
Self-Test: No

94. The Internet is not very useful for firms that want to target government markets.
(p. 161)

FALSE

AACSB: 4 Use of IT
Chapter: 6
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 06 #94
Question Type: Definition
Self-Test: No

95. Although outright influence peddling is common in some international markets, it is not allowed under the Foreign Corrupt Practices Act.
(p. 161)

TRUE

AACSB: 13 Economic environments
Chapter: 6
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 06 #95
Question Type: Definition
Self-Test: No

96. Regarding U.S. business and organizational customers,
(p. 140)

- A. more goods and services are purchased by business and organizational customers than by final consumers.
- B. there are more business and organizational customers than final consumers.
- C. there are more manufacturers than all other types of business and organizational customers combined.
- D. more goods and services are purchased by government buyers than by all other business and organizational customers.
- E. Both B and D are true.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Hard
LearnObj: 1
Perreault - Chapter 06 #96
Question Type: Comprehension
Self-Test: No

97. Which of the following is a business or organizational customer?
(p. 140)

- A. Producers of goods or services.
- B. A retailer.
- C. A wholesaler.
- D. A government agency.
- E. All of the above are business and organizational customers.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 06 #97
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

98. Which of the following are NOT "business and organizational customers?"
(p. 140)

- A. Wholesalers
- B. Manufacturers
- C. Financial institutions
- D. Government units
- E. All of the above ARE business and organizational customers.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 06 #98
Question Type: Definition
Self-Test: No

99. Which of the following is NOT an organizational buyer?

(p. 140)

- A. The Red Cross buying office supplies.
- B. A sporting goods retailer buying skis.
- C. A law office buying a background music service.
- D. A country club buying tennis balls for a tournament.
- E. All of the above are organizational buyers.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 06 #99
Question Type: Definition
Self-Test: No

100. Which of the following is NOT an example of an organizational buyer?

(p. 140)

- A. A government buyer purchasing a new desk for the mayor's office.
- B. A woman buying cookware to sell to her friends and neighbors.
- C. A sales rep buying a new necktie to make a good impression.
- D. A wholesaler buying a delivery truck.
- E. None of the above is a good example.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 06 #100
Question Type: Application
Self-Test: No

101. Which of the following is a business or organizational customer, as opposed to an individual final consumer?

(p. 140)

- A. A wholesaler purchasing merchandise for resale.
- B. A business executive who purchases a new suit.
- C. A teacher who fills her car with gasoline.
- D. A homeowner who buys flowers at a garden center.
- E. None of the above.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 06 #101
Question Type: Application
Self-Test: No

102. The college or university that you attend is considered which type of organizational customer?

(p. 140)

- A. Producer.
- B. Intermediary.
- C. Government.
- D. Nonprofit.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 06 #102
Question Type: Application
Self-Test: No

103. Macy's is considered which type of organizational customer?

(p. 140)

- A. Producer.
- B. Intermediary.**
- C. Government.
- D. Nonprofit.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 06 #103
Question Type: Application
Self-Test: No

104. John Deere is considered which type of organizational customer?

(p. 140)

- A. Producer.**
- B. Intermediary.
- C. Government.
- D. Nonprofit.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 06 #104
Question Type: Application
Self-Test: No

105. Concerning consumer and business markets:

(p. 141)

- A. promotion to consumer markets usually relies more heavily on the use of personal selling.
- B. it is often easier to define customer needs in business markets.**
- C. a marketing mix directed at an organizational customer is usually less precisely adjusted to the needs of the specific customer.
- D. All of the above are true.
- E. None of the above is true.

AACSB: 13 Economic environments
Chapter: 6
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 06 #105
Question Type: Comprehension
Self-Test: No

106. As compared to final consumers, organizations

(p. 141)

- A. always focus on economic factors.
- B. have more varied needs, and require more varied marketing mixes.
- C. have needs that are often easier to understand.**
- D. always set out detailed information about the performance standards the product must meet when quality is highly standardized.
- E. are usually more emotional in their buying than final consumers.

AACSB: 10 Org Dynamics
Chapter: 6
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 06 #106
Question Type: Comprehension
Self-Test: No

107. Which of the following is NOT true regarding organizational buyers?

(p. 141)

- A. Buyers for all kinds of organizations (governments, nonprofit groups, intermediaries) tend to buy in much the same way as do manufacturers.
- B. The basic aspects of business customer buying behavior tend to be quite similar in the U.S. and in international markets.
- C. Marketing strategies aimed at them are often tailored to each individual customer.
- D. Their purchases are made to help their organizations meet the demands for their products.
- E.** Their needs are usually harder to define than for final consumers.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 06 #107
Question Type: Self-Test
Self-Test: Self-Test

108. Organizational customers:

(p. 141-142)

- A. Purchase goods and services in order to satisfy their customers and clients.
- B. Are more emotional in their buying than final consumers.
- C. Try to consider the total cost of selecting a supplier, not just the initial cost of the product.
- D. Typically focus on behavioral needs instead of economic factors in making purchases.
- E.** Both A and C.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 06 #108
Question Type: Comprehension
Self-Test: No

109. In comparison to the buying of final consumers, the purchasing of organizational buyers:

(p. 141-142)

- A. is strictly economic and not at all emotional.
- B. is always based on competitive bids from multiple suppliers.
- C.** leans basically toward economy, quality, and dependability.
- D. is even less predictable.
- E. Both A and C are true statements.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 06 #109
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

110. If a firm targets business and organizational markets,
(p. 142)

- A. the geographic location of the customer is likely to be less important than in segmenting consumer markets.
- B. NAICS codes may help in segmenting manufacturers but not producers of services.
- C.** each customer may need to be treated as a different segment.
- D. All of the above are true.
- E. None of the above is true.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 06 #110
Question Type: Comprehension
Self-Test: No

111. Organizational buying based on a written (or electronic) description of a product is called buying by _____.
(p. 143)

- A.** purchasing specifications
- B. inspection
- C. negotiated contract

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 06 #111
Question Type: Definition
Self-Test: No

112. _____ is a written or electronic description of what the firm wants to buy.
(p. 143)

- A. An estimate
- B. A negotiated contract
- C. A new market order
- D. A purchase order
- E.** A set of purchasing specifications

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 06 #112
Question Type: Definition
Self-Test: No

113. A set of _____ contains a written or electronic description of what a firm wants to buy.
(p. 143)

- A. Requirements.
- B.** Purchasing specifications.
- C. Blueprints.
- D. Quality certifications.
- E. Request forms.

AACSB: 4 Use of IT
Chapter: 6
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 06 #113
Question Type: Comprehension
Self-Test: No

114. Purchasing specifications may include:

(p. 143)

- A. the product grade
- B. the brand name
- C. the part number
- D.** all of the above
- E. none of the above

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 06 #114
Question Type: Definition
Self-Test: No

115. Purchasing specifications

(p. 143)

- A. may simply include a brand name or part number when purchasing requirements are complicated.
- B. for services, as compared to goods, tend to be detailed because services are usually performed before they're purchased.
- C. for services, as compared to goods, tend to be detailed because services are more standardized than goods.
- D.** are often simple for manufactured items with highly standardized quality.
- E. None of the above are correct.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 06 #115
Question Type: Comprehension
Self-Test: No

116. Which of the following buying methods would a supermarket buyer be MOST LIKELY to use in the purchase of grade A large eggs?

(p. 143)

- A.** Purchasing specifications
- B. Competitive bidding
- C. Negotiated contract

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 06 #116
Question Type: Application
Self-Test: No

117. Which of the following products would be bought using purchasing specifications?

(p. 143)

- A. 100 gallons of Du Pont brand muriatic acid.
- B. 1,000 700MB CD-Rs.
- C. 50 pounds of number 10 USX nails.
- D.** all of the above.
- E. none of the above.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 06 #117
Question Type: Application
Self-Test: No

118. Which of the following buying methods would a purchasing manager be most likely to use on the Internet?
(p. 143)

- A. Inspection
- B. Negotiated contract
- C. Purchasing specifications**

AACSB: 4 Use of IT

Chapter: 6

Difficulty: Medium

LearnObj: 1

Perreault - Chapter 06 #118

Question Type: Application

Self-Test: No

119. _____ is a way for a supplier to document its quality procedures according to internationally recognized standards.
(p. 143)

- A. ISO 2000
- B. ISO 9000**
- C. ISO 3000
- D. ISO 8000
- E. ISO 3001

AACSB: 9 Value creation

Chapter: 6

Difficulty: Easy

LearnObj: 1

Perreault - Chapter 06 #119

Question Type: Comprehension

Self-Test: No

120. Which of the following statements about ISO 9000 is NOT TRUE?
(p. 143)

- A. ISO 9000 is a way for a supplier to document its quality procedures according to internationally recognized standards.
- B. ISO 9000 reassures a customer that the supplier has effective quality checks in place after it conducts a personal quality audit.**
- C. Some customers will not buy from a supplier who does not have ISO 9000 certification.
- D. One requirement for ISO 9000 certification is that a company must show outside auditors who is responsible for quality every step of the way.
- E. ISO 9000 helps organizational customers who are considering a new supplier.

AACSB: 6. Reflective thinking

Chapter: 6

Difficulty: Medium

LearnObj: 1

Perreault - Chapter 06 #120

Question Type: Comprehension

Self-Test: No

121. Which of the following statements about ISO 9000 is FALSE?

(p. 143)

- A. ISO 9000 is a way for government suppliers to document their quality procedures, but it does not . apply to other organizational suppliers.
- B. A supplier that has met the ISO 9000 standard is always better than one that has not.
- C. ISO 9000 applies to international suppliers only.
- D.** All of the above are false.
- E. None of the above is false.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Hard
LearnObj: 1
Perreault - Chapter 06 #121
Question Type: Comprehension
Self-Test: No

122. Buying specialists for organizations are commonly called:

(p. 143)

- A. supply agents.
- B. vendor agents.
- C. value analysts.
- D.** purchasing managers.
- E. consumer buyers.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 06 #122
Question Type: Definition
Self-Test: No

123. A purchasing manager:

(p. 143)

- A. Is basically a clerk who fills out paperwork to place orders.
- B. Is the only person a business-to-business salesperson ever needs to see in order to make a sale to a buying organization.
- C.** May specialize by product area if he/she works for a large organization.
- D. Is only interested in finding the lowest possible price for a product.
- E. All of the above.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 06 #123
Question Type: Comprehension
Self-Test: No

124. Purchasing managers in business markets (compared to buyers in consumer markets) are generally:
(p. 143)

- A. fewer in number.
- B. more technically qualified.
- C. less emotional in their buying motives.
- D. more insistent on dependability and quality.
- E.** all of the above.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 06 #124
Question Type: Comprehension
Self-Test: No

125. Regarding organizational buying,

(p. 143,147)

- A. a "national accounts" sales force often makes sense when firms with many facilities buy from a central location.
- B. purchasing managers are more likely to be found in large organizations.
- C. a geographically bound salesperson can be at a real disadvantage.
- D.** All of the above are true.
- E. None of the above is true.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 06 #125
Question Type: Comprehension
Self-Test: No

126. When a salesperson calls on a new business prospect,

(p. 143-145)

- A. he may have trouble identifying all of the buying center members.
- B. he usually must see the purchasing manager first.
- C. the probability of encountering a gatekeeper is high.
- D.** All of the above are true.
- E. None of the above is true.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 06 #126
Question Type: Comprehension
Self-Test: No

127. _____ are responsible for working with suppliers and arranging the terms of sale.

(p. 144)

- A. Gatekeepers
- B. Deciders
- C. Influencers
- D. Users
- E.** Buyers

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 06 #127
Question Type: Comprehension
Self-Test: No

128. During the purchase of janitorial services for a new building, Teresa has responsibility for working with suppliers and arranging the terms of the sale. In this role, Teresa appears to be acting as

(p. 144)

- A. a gatekeeper.
- B. a decider.
- C. a buyer.**
- D. a user.
- E. an influencer.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 06 #128
Question Type: Application
Self-Test: No

129. In a buying center, which of the following are likely to be influencers?

(p. 144)

- A. Purchasing managers who arrange the terms of the sale.
- B. People who supply information for evaluating alternatives.**
- C. People who have the power to select or approve suppliers.
- D. People who control the flow of information.
- E. Purchasing managers who shield users or other deciders.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 06 #129
Question Type: Comprehension
Self-Test: No

130. In the purchase of a new computer monitor, which of the following is an example of a user?

(p. 144)

- A. A purchasing manager who arranges the terms of the sale.
- B. An IT manager who supplies information for evaluating alternatives.
- C. A secretary whose computer monitor is being replaced.**
- D. A receptionist who controls the flow of information.
- E. A supply manager who helps write specifications.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 06 #130
Question Type: Application
Self-Test: No

131. Among the multiple buying influences, _____ control the flow of information within the organization.

(p. 144)

- A. gatekeepers**
- B. deciders
- C. influencers
- D. information agents
- E. buyers

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 06 #131
Question Type: Definition
Self-Test: No

132. During the purchase of new tooling at Acme Tool and Die, which of the following is an example of a gatekeeper?
(p. 144)

- A. Sara, a purchasing manager, arranges the terms of the sale.
- B. Ross, from R&D, supplies information for evaluating alternatives.
- C. Charlotte, in manufacturing, has the power to select or approve suppliers.
- D.** Andre, a research assistant, gathers and distributes information about alternatives.
- E. Rita, from the manufacturing floor, will use the new tooling.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Hard
LearnObj: 2
Perreault - Chapter 06 #132
Question Type: Application
Self-Test: No

133. Regarding organizational buying, the people who have the power to select or approve the supplier--especially for larger purchases--are called:

- A. influencers.
- B.** deciders.
- C. buyers.
- D. gatekeepers.
- E. users.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Hard
LearnObj: 2
Perreault - Chapter 06 #133
Question Type: Definition
Self-Test: No

134. ABC Technologies manufactures computer accessories, such as modems and network cards. Even though the company has several purchasing managers, the company president has final authority on all purchases over \$500, including the selection of the supplier. In the typical buying center in this company, the company president would have the primary role of:

- A. User.
- B. Buyer.
- C. Influencer.
- D.** Decider.
- E. Gatekeeper.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 06 #134
Question Type: Application
Self-Test: No

135. Natalie Simopoulos, director of procurement at Grecian Glass Company must approve every purchase order, and Anthony Markatos, purchasing manager, must authorize any sales rep who wants to talk to a Grecian Glass employee. Natalie and Anthony are acting as _____ and _____, respectively.

(p. 144)

- A. decider and gatekeeper
- B. influencer and user
- C. gatekeeper and influencer
- D. buyer and decider
- E. user and gatekeeper

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 06 #135
Question Type: Application
Self-Test: No

136. A furniture producer has decided to buy its upholstery cloth from new suppliers. The president has given the purchasing manager responsibility to make the final selections and negotiate the terms. The purchasing manager looks through books with samples and specifications, and then calls salespeople to make presentations to the production manager, who is concerned about how easy the cloth will be to cut and sew. In this case, the purchasing manager is

(p. 144)

- A. an influencer.
- B. a buyer.
- C. a decider.
- D. a gatekeeper.
- E. all of the above.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 06 #136
Question Type: Application
Self-Test: No

137. For new-task buying, a good salesperson will try to contact the potential customer's:

(p. 144-145)

- A. deciders.
- B. gatekeepers.
- C. influencers.
- D. buyers (purchasing managers).
- E. All of the above.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 06 #137
Question Type: Comprehension
Self-Test: No

138. If many individuals are involved in a buying decision, this is:

(p. 144)

- A. a multiple input situation.
- B. a selective rebuy.
- C. a modified rebuy.
- D.** a multiple buying influence situation.
- E. a straight rebuy.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 06 #138
Question Type: Definition
Self-Test: No

139. Multiple buying influence is MOST likely to occur in which of the following purchases?

(p. 144-145)

- A. note pads.
- B.** a voice-mail phone system.
- C. a replacement for a broken chair.
- D. gasoline.
- E. paper clips.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 06 #139
Question Type: Application
Self-Test: No

140. A _____ refers to all of the people who participate in or influence a purchase.

(p. 145)

- A. procurement department
- B. bidding group
- C. set of gatekeepers
- D. sales analysis group
- E.** buying center

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 06 #140
Question Type: Definition
Self-Test: No

141. A "buying center"

(p. 145)

- A.** may vary from purchase to purchase.
- B. refers to all the purchasing agents in a large firm.
- C. is usually identified on a firm's organization chart.
- D. is usually controlled by the purchasing manager.
- E. is usually located in major wholesale markets.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 06 #141
Question Type: Comprehension
Self-Test: No

142. Vendor analysis is a(n)

(p. 145)

- A. analytic processing of requests to buy something from a vendor.
- B.** formal rating of suppliers on all relevant areas of performance.
- C. analytic processing of requests to sell something to a vendor.
- D. request to buy something.
- E. written description of what the firm wants to buy.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 06 #142
Question Type: Definition
Self-Test: No

143. Vendor analysis

(p. 145-146)

- A. ensures objectivity by disregarding whether a supplier has been used in the past.
- B. emphasizes the emotional factors in a purchase decision.
- C. is used less now that multiple buying influence is more common.
- D. All of the above are true.
- E.** None of the above is true.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 06 #143
Question Type: Comprehension
Self-Test: No

144. Vendor analysis:

(p. 145-146)

- A. Has the sole objective of getting the lowest possible price on a particular product or service from the supplier.
- B. Does not take into account the behavioral needs of purchasing managers and others involved in the buying decision.
- C.** Is a formal rating of suppliers on all relevant areas of performance.
- D. All of the above.
- E. A and C only.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 06 #144
Question Type: Definition
Self-Test: No

145. Vendor analysis

(p. 145-146)

- A. emphasizes the emotional factors in a purchase decision.
- B. is a formal procedure used by a vendor's salespeople to be certain that all members of a buying center have been contacted.
- C. is used less now that multiple buying influence is more common.
- D. is likely to favor a vendor that offers the customer the lowest total cost associated with the purchase.
- E. None of the above is true.

AACSB: 9 Value creation
Chapter: 6
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 06 #145
Question Type: Comprehension
Self-Test: No

146. The goal of vendor analysis is

(p. 145-146)

- A. just getting a low price from the supplier on a given part or service.
- B. just satisfying the needs of the customer company.
- C. lowering the total costs associated with purchases.
- D. satisfying the needs of the individuals who influence the purchase.
- E. focusing buyers and sellers on just the economic factors needed to reduce costs.

AACSB: 9 Value creation
Chapter: 6
Difficulty: Hard
LearnObj: 2
Perreault - Chapter 06 #146
Question Type: Comprehension
Self-Test: No

147. Regarding selling to organizational buyers,

(p. 145-146)

- A. the buyer's individual needs can be ignored when there is multiple buying influence.
- B. purchasing managers are usually more emotional than final consumers.
- C. a purchasing manager's emotional needs should be emphasized as well as his economic needs.
- D. sellers should try to avoid purchasing managers, since they usually can't make the final buying decision.
- E. All of the above are true.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 06 #147
Question Type: Comprehension
Self-Test: No

148. A typical purchasing manager:

(p. 145-146)

- A. buys strictly on economic needs.
- B.** tries to satisfy both individual needs and company needs.
- C. seeks the lowest possible cost.
- D. has the final decision on all purchases.
- E. All of the above.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 06 #148
Question Type: Comprehension
Self-Test: No

149. Purchasing managers

(p. 146)

- A. are, in general, not very well educated.
- B. always buy from the lowest price supplier.
- C.** may be willing to pay more to reduce personal risk.
- D. are usually the last ones a salesperson sees, after the order has been approved by the gatekeepers.
- E. None of the above is true.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 06 #149
Question Type: Comprehension
Self-Test: No

150. Most purchasing managers:

(p. 146)

- A. reject "vendor analysis" as too subjective.
- B. want to be "sold" by persuasive salespeople.
- C. spend most of their time on new-task buying.
- D.** stress dependability as well as lower cost and higher quality.
- E. dislike the higher risk that is involved in buying from a supplier that meets the ISO 9000 standard.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 06 #150
Question Type: Comprehension
Self-Test: No

151. Organizational buyers:

(p. 143-148)

- A. rely on many sources of information in addition to salespeople when making purchase decisions.
- B. may use vendor analysis to make certain that all relevant areas of a purchase decision have been considered.
- C. are likely to do little search for additional information if the purchase is unimportant.
- D. tend to be more rational--and less emotional--in their buying decisions than final consumers.
- E.** All of the above are true.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 2,3
Perreault - Chapter 06 #151
Question Type: Definition
Self-Test: No

152. Organizational buyers:

(p. 148)

- A. are producers' agents.
- B.** are problem solvers.
- C. base purchasing decisions entirely on company needs.
- D. are not affected by emotional needs.
- E. All of the above are true.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 06 #152
Question Type: Definition
Self-Test: No

153. A requisition

(p. 147)

- A. is only used for nonroutine purchases.
- B. is the same as a purchase order.
- C. sets the terms under a negotiated contract.
- D. is a formal contract between a buyer and a seller.
- E.** none of the above is true.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 06 #153
Question Type: Comprehension
Self-Test: No

154. An office manager needs office supplies, so he fills out a form indicating what he needs and sends it to the purchasing department to be ordered. This form is usually called

(p. 147)

- A. a purchase order.
- B.** a requisition.
- C. a vendor analysis.
- D. a buying center request.
- E. the start of the adoption process.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 06 #154
Question Type: Application
Self-Test: No

155. A person who needs to purchase something usually completes a

(p. 147)

- A.** requisition.
- B. supply form.
- C. contract.
- D. certificate of purchase.
- E. vendor analysis.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 06 #155
Question Type: Definition
Self-Test: No

156. All of the following are true of requisitions except

(p. 147)

- A. it is a request to buy something.
- B. it is frequently handled online to cut time and paper shuffling.
- C. its processing usually takes a few hours for both simple and complex purchases.
- D. it is a form of centralized control.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 06 #156
Question Type: Comprehension
Self-Test: No

157. Which of the following is NOT one of the organizational buying processes discussed in the text?

(p. 148)

- A. multiple task buying.
- B. modified rebuy buying.
- C. new-task buying.
- D. straight rebuy buying.
- E. None of the above, i.e., all are buying processes.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 06 #157
Question Type: Definition
Self-Test: No

158. Which of the following is NOT one of the organizational buying processes discussed in the text?

(p. 148)

- A. Straight rebuy buying
- B. Modified rebuy buying
- C. Important task buying
- D. New-task buying
- E. None of the above, i.e., all are buying processes.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 06 #158
Question Type: Definition
Self-Test: No

159. Multiple buying influence should be expected in:

(p. 148)

- A. vendor buying.
- B. straight rebuy buying.
- C. modified rebuy buying.
- D. new-task buying.
- E. none of the above.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 06 #159
Question Type: Definition
Self-Test: No

160. Regarding new-task organizational buying, which of the following are likely to be involved?
(p. 148)

- A. top managers.
- B. purchasing manager.
- C. production process engineers.
- D. production line supervisors.
- E.** all of the above.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 06 #160
Question Type: Comprehension
Self-Test: No

161. Regarding new-task organizational buying, which of the following persons is LEAST likely to be involved?
(p. 148)

- A.** a competitor's purchasing manager.
- B. a purchasing manager.
- C. a production line supervisor.
- D. the company president.
- E. a research assistant.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 06 #161
Question Type: Comprehension
Self-Test: No

162. New-task buying
(p. 148)

- A. is a routine repurchase that may have been made many times before.
- B.** occurs when an organization has a new need and the customer wants a great deal of information.
- C. is an in-between process where some review of the buying situation is done.
- D. occurs when an organization has a routine need and the customer wants only minimal information.
- E. involves no review of suppliers.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 06 #162
Question Type: Definition
Self-Test: No

163. A buyer who has not purchased from a vendor in the past is MOST LIKELY to buy from that vendor when there is:

(p. 150)

- A. straight rebuy buying
- B. selective buying.
- C. new-task buying.**
- D. selective task buying.
- E. modified rebuy buying.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 06 #163
Question Type: Definition
Self-Test: No

164. Which of the following buying situations gives a seller the most chance for promotion impact?

(p. 150)

- A. Selective task buying
- B. Modified rebuy buying
- C. New-task buying**
- D. Straight rebuy buying
- E. All of the above are equal.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 06 #164
Question Type: Comprehension
Self-Test: No

165. For which of the following would an organization most likely engage in new task buying?

(p. 150)

- A. A small portable welding machine for use in making repairs.
- B. A new desktop copying machine.
- C. Dishwashing detergent for use in a restaurant.
- D. A new desk chair to replace one that had broken.
- E. A 10,000 square foot prefabricated steel building for use as a warehouse.**

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 06 #165
Question Type: Application
Self-Test: No

166. Sweets Galore, the manufacturer of Rainbow brand lollipops, decided to expand into manufacturing
(p. 150) liqueur-filled chocolate truffles. Its buying process for the chocolates, liqueurs, and molds was extensive, and included setting product specifications and evaluating sources of supply. This is an example of a

- A. straight buy.
- B. modified rebuy.
- C. straight rebuy.
- D.** new-task buy.
- E. simplified rebuy.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 06 #166
Question Type: Application
Self-Test: No

167. Definitely Scrumptious Co., a cookie manufacturer, decides to expand into cake manufacturing.
(p. 150) It begins the buying process for cake molds, toppings, and icing equipment by setting product specifications and evaluating sources of supply. This is an example of a

- A. simplified buy.
- B. straight rebuy.
- C. modified rebuy.
- D. straight buy.
- E.** new-task buy.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 06 #167
Question Type: Application
Self-Test: No

168. Straight rebuy
(p. 148)

- A. decisions, as contrasted with modified rebuys, are more likely to involve multiple buying influence.
- B.** vendor selections are likely to be made by a purchasing manager--without consulting anyone else.
- C. decisions are infrequent, but they typically take longer to make than new-task buying decisions.
- D. decisions usually involve getting negotiated bids from suppliers.
- E. decisions cannot be influenced by advertising.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Hard
LearnObj: 3
Perreault - Chapter 06 #168
Question Type: Comprehension
Self-Test: No

169. A straight rebuy

(p. 148)

- A. involves setting product specifications and evaluating sources of supply.
- B. occurs when an organization has a new need and the customer wants a great deal of information.
- C. is an in-between process where some review of the buying situation is done.
- D. occurs when an organization has a new need but the customer wants only minimal information.
- E.** is a routine repurchase that may have been made many times before.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 06 #169
Question Type: Definition
Self-Test: No

170. Organizational buyers:

(p. 148)

- A. tend to rely almost totally on salespeople as their source of information.
- B. prefer formal procedures for rating vendors over informal approaches like vendor analysis.
- C.** are likely to do little search for additional information if the purchase is unimportant.
- D. tend to be more emotional than final consumers--because their jobs are at risk if a problem arises.
- E. None of the above is true.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 06 #170
Question Type: Definition
Self-Test: No

171. Percy Malik, purchasing agent for Black Mountain Chemical Industries, routinely signs purchase orders for office supplies without further consideration. At Black Mountain, purchases of office supplies are

(p. 148)

- A. a modified rebuy.
- B. a necessity.
- C. Somewhat Insignificant Commodity (SIC) items.
- D. a selective rebuy.
- E.** a straight rebuy.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 06 #171
Question Type: Application
Self-Test: No

172. (p. 148) A sales representative calls on a prospective business customer only to find that the customer has an established relationship with another supplier that seems to be working well. The customer is not interested in considering other suppliers. The customer is currently in a _____ situation.

- A. Straight rebuy.
- B. Modified rebuy.
- C. New-task.
- D. Extensive problem-solving.
- E. Limited problem-solving.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 06 #172
Question Type: Comprehension
Self-Test: No

173. (p. 148) Home Sweet Home Co. manufactures and sells handmade wooden furniture. Its manager routinely orders 50 cartons of Supreme Furniture Polish and 10 bottles of Ultra Sheen Varnish from the same vendor. This is an example of a

- A. straight buy.
- B. modified rebuy.
- C. new-task buy.
- D. straight rebuy.
- E. simplified buy.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 06 #173
Question Type: Application
Self-Test: No

174. (p. 149) Circle Z Tires is a retailer of car tires. Unless the store manager requests something different, every month there is an automatic order of 10 XZ Performance Tires and 12 J-1 wheels from Box Tire Supply. This is an example of a

- A. new-task buy.
- B. modified rebuy.
- C. straight rebuy.
- D. modified buy.
- E. simplified buy.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 06 #174
Question Type: Application
Self-Test: No

175. Rosalinda's Steak House purchases 70 T-bone steaks every Friday -- including last Friday. Last Friday's order was an example of a

(p. 149)

- A. straight buy.
- B. modified rebuy.
- C. new-task buy.
- D.** straight rebuy.
- E. simplified buy.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Hard
LearnObj: 3
Perreault - Chapter 06 #175
Question Type: Application
Self-Test: No

176. A straight rebuy is MOST likely to occur for:

(p. 148-149)

- A. a new computer network.
- B. a pension plan which meets the new government regulations.
- C.** paper supplies for the copy equipment.
- D. electronic components for a new product.
- E. executive chairs for a new office building.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 06 #176
Question Type: Application
Self-Test: No

177. A vendor is MOST likely to make a sale if the buyer has bought from the vendor before and is doing:

(p. 149)

- A.** straight rebuy buying.
- B. selective buying.
- C. multiple task buying.
- D. modified rebuy buying.
- E. new-task buying.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 06 #177
Question Type: Comprehension
Self-Test: No

178. A vendor is LEAST LIKELY to make a sale if the buyer has not bought from the vendor before and is doing:

(p. 149)

- A. straight rebuy buying
- B. selective buying.
- C. new-task buying.
- D. selective task buying.
- E. modified rebuy buying.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 06 #178
Question Type: Comprehension
Self-Test: No

179. A purchase having some multiple influence and requiring some information would fit the description of a

(p. 148)

- A. new-task buy.
- B. modified buy.
- C. straight rebuy.
- D. modified rebuy.
- E. simplified buying.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 06 #179
Question Type: Comprehension
Self-Test: No

180. A modified rebuy would be most likely when:

(p. 148)

- A. A railroad plans to change from steel to aluminum rail cars to cut weight.
- B. A car producer is developing a sportier car which will require wider tires.
- C. A bread producer is placing its weekly order for flour.
- D. A computer producer is buying new assembly line equipment.
- E. A shoe factory needs more glue to attach heels to its shoes.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 06 #180
Question Type: Self-Test
Self-Test: Self-Test

181. A modified rebuy is MOST likely to occur for:

(p. 148)

- A. file folders.
- B. brooms.
- C. paper clips.
- D. a desk.**
- E. copier paper.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 06 #181
Question Type: Application
Self-Test: No

182. Whitewater Corp. is looking for a new vendor for basic plastics because the present vendor has been inconsistent about meeting delivery schedules. Which of the following buying processes is the firm's purchasing agent MOST LIKELY to use?

(p. 148)

- A. Selective buying
- B. Modified rebuy buying**
- C. Intensive buying
- D. New-task buying
- E. Straight rebuy buying

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 06 #182
Question Type: Application
Self-Test: No

183. In his last order, the bakery manager at Bread of the Earth Bakery purchased a different brand of whole wheat flour from his regular supplier, Best Bakery Supplies. This is an example of a

(p. 148)

- A. modified rebuy.**
- B. straight buy.
- C. straight rebuy.
- D. new-task buy.
- E. simplified buy.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Hard
LearnObj: 3
Perreault - Chapter 06 #183
Question Type: Application
Self-Test: No

184. Purchasing managers rely on Internet _____ to quickly identify new suppliers.
(p. 150)

- A. Procurement engines.
- B. Collaboration sites.
- C. Purchasing sites.
- D.** Search engines.
- E. Search sites.

AACSB: 4 Use of IT
Chapter: 6
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 06 #184
Question Type: Application
Self-Test: No

185. Regarding e-commerce website resources:

(p. 150-151)

- A. Online marketplaces provide one-stop shopping with industry news, purchase information, sales leads, and order placement.
- B. Reverse auctions foster price competition among suppliers.
- C. Online marketplaces connect buyers and sellers in particular industries.
- D. Procurement sites direct suppliers to a buyer at one convenient location.
- E.** All of the above are true.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 06 #185
Question Type: Comprehension
Self-Test: No

186. Regarding e-commerce website resources:

(p. 150-151)

- A. Purchasing specifications are commonly used online to describe what a firm wants to buy.
- B. Online auction sites commonly operate for the benefit of sellers.
- C. Competitive bidding systems commonly drive down prices at procurement hubs.
- D. Online reverse auction sites commonly operate for the benefit of buyers.
- E.** All of the above are true.

AACSB: 4 Use of IT
Chapter: 6
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 06 #186
Question Type: Self-Test
Self-Test: Self-Test

187. Regarding B2B e-commerce:

(p. 150-151)

- A. Procurement sites foster competition among sellers.
- B. Online auction sites foster competition among buyers.
- C. Reverse auction sites foster competition among sellers.
- D. All of the above are correct.**
- E. None of the above is correct.

AACSB: 12 IT influences
Chapter: 6
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 06 #187
Question Type: Integrating
Self-Test: No

188. Wendy Chin wants to set up a website that will offer "one-stop shopping" for businesses in the restaurant supply industry. The site will allow restaurant owners a place to keep up with industry news, identify suppliers, gather information when making purchases, and place orders. This site would be an example of

(p. 150)

- A. a reverse auction house.
- B. a new task buying site.
- C. a buying center.
- D. a bidding site.
- E. an online marketplace.**

AACSB: 4 Use of IT
Chapter: 6
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 06 #188
Question Type: Application
Self-Test: No

189. _____ are the terms of sale offered by different suppliers in response to the purchase specifications posted by the buyer.

(p. 151)

- A. Competitive bids**
- B. Purchasing rebuys
- C. Legal bonds
- D. Requisitions
- E. Reverse auctions

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 06 #189
Question Type: Definition
Self-Test: No

190. Charles Wood, purchasing manager for a company that makes golf carts, posted the purchase specifications for the seats on a new golf cart model his firm is building. Four suppliers submitted _____ that included the terms of sale each had to offer.

(p. 151)

- A. operational linkages.
- B. a reverse auction.
- C. negotiated contracts.
- D. competitive bids.**
- E. defined sales procedures.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Hard
LearnObj: 3
Perreault - Chapter 06 #190
Question Type: Definition
Self-Test: No

191. Reverse auctions are MOST effective

(p. 151)

- A. when the value provided to the customer comes from a complete marketing mix.
- B. when customers are most interested in low prices.**
- C. when specific adaptations are needed.
- D. for highly differentiated products.
- E. when only one supplier is bidding.

AACSB: 4 Use of IT
Chapter: 6
Difficulty: Hard
LearnObj: 3
Perreault - Chapter 06 #191
Question Type: Application
Self-Test: No

192. All of the following are key dimensions of relationships in business markets EXCEPT:

(p. 152)

- A. cooperation.
- B. information sharing.
- C. operational linkages.
- D. non-specific adaptations.**
- E. legal bonds.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 06 #192
Question Type: Comprehension
Self-Test: No

193. Which of the following is NOT a key dimension of buyer-seller relationships in business markets?

(p. 152)

- A. legal bonds
- B. new-task sharing**
- C. cooperation
- D. operational linkages
- E. information sharing

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 06 #193
Question Type: Comprehension
Self-Test: No

194. Which of the following is NOT a key dimension of buyer-seller relationships in business markets?

(p. 152)

- A. information sharing
- B. legal bonds
- C. cooperation
- D. operational linkages
- E. all of the above are key dimensions**

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 06 #194
Question Type: Comprehension
Self-Test: No

195. Which of the following is NOT a key dimension of buyer-seller relationships in business markets?

(p. 152)

- A. legal bonds
- B. relationship-specific adaptations
- C. joint inspection**
- D. operational linkages
- E. information sharing

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 06 #195
Question Type: Comprehension
Self-Test: No

196. Which of the following is NOT a key dimension of buyer-seller relationships in business markets?

(p. 152)

- A. legal bonds
- B. relationship-specific adaptations
- C. cooperation
- D. operational linkages
- E. bid rigging**

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 06 #196
Question Type: Comprehension
Self-Test: No

197. Which of the following is NOT a key dimension of buyer-seller relationships in business markets?

(p. 152)

- A. legal bonds
- B. relationship-specific recycling**
- C. cooperation
- D. operational linkages
- E. information sharing

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 06 #197
Question Type: Comprehension
Self-Test: No

198. Which of the following is NOT a key dimension of buyer-seller relationships in business markets?

(p. 152)

- A. Competition.**
- B. Information sharing.
- C. Relationship-specific adaptations.
- D. Operational linkages.
- E. Legal bonds.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 06 #198
Question Type: Comprehension
Self-Test: No

199. Which of the following statements about close buyer-seller relationships in business markets is FALSE?

(p. 152-154)

- A. In close relationships, buyers and suppliers can share tasks at a lower total cost of doing business.
- B. The buyer can gain a more dependable source of supply.
- C. Buyers and suppliers can engage in joint problem solving.
- D. Long-term commitments on larger order quantities often cause the supplier to raise its selling price.**
- E. None of the above statements is false.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 06 #199
Question Type: Comprehension
Self-Test: No

200. In business markets, close buyer-seller relationships

(p. 152-154)

- A. may improve the profits of both the buyer and the seller.**
- B. are almost always desirable from the seller's point of view, but not from the buyer's point of view.
- C. may have benefits, but they usually increase a firm's uncertainty and risk.
- D. None of the above.
- E. All of the above.

AACSB: 9 Value creation
Chapter: 6
Difficulty: Hard
LearnObj: 4
Perreault - Chapter 06 #200
Question Type: Comprehension
Self-Test: No

201. Close buyer-seller relationships may not make sense because:

(p. 152-154)

- A. Flexibility may be reduced for the firms involved.
- B. Not all purchases are important enough to the buyer to justify a close relationship with a supplier.
- C. Some suppliers do not want to deal with buyers who place small orders.
- D. There are situations when the buyer could get reduced prices by letting suppliers compete for the buyer's business.
- E.** All of the above.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 06 #201
Question Type: Comprehension
Self-Test: No

202. With respect to buyer-seller relationships in business markets,

(p. 152-154)

- A. relationships benefit sellers, but not customers.
- B.** some customers simply are not interested in a close relationship with a supplier.
- C. customer firms are better off selecting suppliers with competitive bids rather than establishing a relationship with a single vendor.
- D. All of the above are true.
- E. None of the above is true.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 06 #202
Question Type: Self-Test
Self-Test: Self-Test

203. Suppliers to business markets often

(p. 152-154)

- A. provide information about industry trends.
- B. must manage inventory and delivery carefully--to provide customers with just-in-time delivery.
- C. serve as technical consultants to their customers.
- D.** All of the above are true.
- E. None of the above is true.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 4
Perreault - Chapter 06 #203
Question Type: Comprehension
Self-Test: No

204. In business markets, close buyer-seller relationships

(p. 152-154)

- A. often involve a number of people from different areas in both the buyer and supplier firms.
- B. may be based on regular, good-faith reviews rather than legal contracts.
- C. can help reduce uncertainty and risk.
- D. usually focus on driving down joint costs.
- E.** All of the above.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Medium
LearnObj: 4
Perreault - Chapter 06 #204
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

205. A close buyer-seller relationship in a business market:

(p. 152-154)

- A. may require relationship-specific adaptations by the seller, the customer, or both.
- B. may result in the seller accepting a lower price.
- C. may increase the buyer's "switching costs."
- D. may not involve a contract that spells out each party's responsibilities.
- E.** All of the above are true.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Hard
LearnObj: 4
Perreault - Chapter 06 #205
Question Type: Comprehension
Self-Test: No

206. Operational linkages are

(p. 154)

- A.** direct ties between the internal operations of buyer and seller firms.
- B. changes in a firm's product or procedures that are unique to its relationship partner.
- C. connections that outline contractual obligations.
- D. services that link a buyer's production and purchasing departments.
- E. websites that help buyers conduct reverse auctions.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 4
Perreault - Chapter 06 #206
Question Type: Definition
Self-Test: No

207. Which of the following statements about operational linkages is FALSE?

(p. 154)

- A. Operational linkages may involve the routine activities of individuals who almost become part of the customer's operations.
- B. Operational linkages are direct ties between the internal operations of the buyer and seller firms.
- C. Operational linkages involve only occasional coordination of activities between buying and selling firms.
- D. Just-in-time delivery is an example of an operational linkage.
- E. None of the above is false.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Hard
LearnObj: 4
Perreault - Chapter 06 #207
Question Type: Comprehension
Self-Test: No

208. _____ refers to reliably getting products there exactly before the customer needs them.

(p. 154)

- A. Total quality shipping
- B. Effective gatekeeping
- C. Just-in-time delivery
- D. On-time vendor management
- E. Assured outsourcing

AACSB: 3 Analytical skills; 9 Value creation
Chapter: 6
Difficulty: Medium
LearnObj: 4
Perreault - Chapter 06 #208
Question Type: Definition
Self-Test: No

209. When a purchasing manager knows roughly what is needed but can't describe it exactly--or when the purchasing arrangement may change as the job progresses--then buying is likely to be by:

(p. 154)

- A. negotiated contract.
- B. description.
- C. inspection.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 06 #209
Question Type: Definition
Self-Test: No

210. Today, when a buyer can't specify all of the details of what it will need in the future, the relationship with a supplier is most likely to involve:

(p. 154)

- A. a reverse auction.
- B. a procurement hub.
- C. negotiated contracts.**
- D. competitive bids.
- E. all of the above.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 06 #210
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

211. Which of the following situations would involve negotiated contract buying?

(p. 154)

- A. design and manufacture a new computer accessory.**
- B. produce and deliver 1,000 tons of tomatoes.
- C. manufacture and ship 500 secretarial chairs.
- D. all of the above.
- E. none of the above.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Medium
LearnObj: 4
Perreault - Chapter 06 #211
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

212. Creative Electronics has an idea for a new MP3 accessory. Now it is looking for a supplier to design and manufacture the product. It will most likely use _____ buying.

(p. 154)

- A. description.
- B. negotiated contract.**
- C. inspection.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Medium
LearnObj: 4
Perreault - Chapter 06 #212
Question Type: Application
Self-Test: No

213. Rico Paving Contractors enters into a contract with Valley Supply for the purchase of 100 bags of cement per week for the next 16 weeks at a price of \$15 per bag. The contract also includes a condition that allows prices to be revised if costs go up more than \$1 per bag. This purchase involves

(p. 154)

- A. an indefinite delivery contract.
- B. negotiated contract buying.**
- C. a good faith purchase.
- D. cost reimbursement contracting.
- E. price allocation purchasing.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Hard
LearnObj: 4
Perreault - Chapter 06 #213
Question Type: Application
Self-Test: No

214. A catalog merchant wants to build a new distribution center that will improve inventory management, storage of products, shipping, and returns. The company develops a close relationship with UPS, its main supplier of shipping services. UPS helps the catalog merchant design its new distribution center so that it coordinates well with the shipping processes at UPS. This arrangement reduces shipping costs and improves service to the catalog merchant's customers. This situation is an example of:

(p. 154)

- A. Information sharing.
- B. Negotiated contract buying.
- C. Legal bonds.
- D. Competition.
- E. Relationship-specific adaptations.**

AACSB: 6. Reflective thinking; 9 Value creation
Chapter: 6
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 06 #214
Question Type: Application
Self-Test: No

215. Chu's Coating Services, a painting company, designs a set of four paint colors that will only be used by custom motorcycle maker Walker County Choppers. This decision is an example of

(p. 154)

- A. competitive bidding.
- B. just-in-time delivery.
- C. insourcing.
- D. operational linkages.
- E. a relationship-specific adaptation.**

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 4
Perreault - Chapter 06 #215
Question Type: Application
Self-Test: No

216. Specific adaptations are usually required when a buyer chooses _____, which is a contract with an external firm to produce goods or services rather than the buyer producing them internally.

(p. 155)

- A. gatekeeping
- B. resident buying
- C. competitive bidding
- D. outsourcing**
- E. auctioning

AACSB: 10 Org Dynamics
Chapter: 6
Difficulty: Medium
LearnObj: 4
Perreault - Chapter 06 #216
Question Type: Definition
Self-Test: No

217. Organizational buyers purchase the same product from more than one source

(p. 155)

- A. if no supplier has a superior marketing mix.
- B. to help ensure continuing supplies.**
- C. because a single vendor usually doesn't want all of the business.
- D. if vendor analysis results in a "tie score" for the different suppliers.
- E. None of the above is true.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Hard
LearnObj: 4
Perreault - Chapter 06 #217
Question Type: Comprehension
Self-Test: No

218. Regarding the size of manufacturing concerns, large firms (with more than 250 employees)

(p. 155-156)

- A. outnumber small firms more than two to one.
- B. account for nearly half of all the manufacturing establishments.
- C. are few in number but their employees account for nearly half of all employed people.**
- D. provide no more "value added" than the many small firms.
- E. None of the above is true.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 06 #218
Question Type: Self-Test
Self-Test: Self-Test

219. Regarding the manufacturers' market, large firms (with more than 250 employees)

(p. 155-156)

- A. account for the majority of the total "value added" by all manufacturers.
- B. are very few compared to the many small firms.
- C. employ about half of all people employed in manufacturing.
- D. All of the above are true.**
- E. None of the above is true.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 06 #219
Question Type: Self-Test
Self-Test: Self-Test

220. Regarding the business (manufacturing) market, small firms (with fewer than 10 employees)

(p. 155-156)

- A. are not very numerous compared to the very large firms.
- B. account for the vast majority of the total employment provided by all manufacturers.
- C.** are the majority of all firms, but account for less than 3 percent of "value added" by manufacturing.
- D. amount to nearly two million establishments.
- E. None of the above is true.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Hard
LearnObj: 5
Perreault - Chapter 06 #220
Question Type: Comprehension
Self-Test: No

221. Regarding the market composed of manufacturers in the United States:

(p. 155-156)

- A. Most manufacturers are quite large.
- B.** Manufacturers tend to be concentrated in specific areas.
- C. There are a large number of manufacturers compared to the number of final consumers.
- D. Small manufacturers account for most of the "value added" by manufacturing.
- E. All of the above.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 06 #221
Question Type: Comprehension
Self-Test: No

222. Which of the following statements about manufacturers is true?

(p. 155-156)

- A. Most manufacturers have more than 50 employees.
- B. Small manufacturer with less than 50 employees account for half of the total dollar value added.
- C. Small manufacturers now have purchasing procedures just as formal as large manufacturers.
- D. Manufacturers with less than 50 employees have more employees overall than manufacturers with 50 or more employees.
- E.** Marketers often segment industrial markets on the basis of customer size.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Hard
LearnObj: 5
Perreault - Chapter 06 #222
Question Type: Comprehension
Self-Test: No

223. Which of the following statements about manufacturers is true?

(p. 156)

- A.** Industrial customers are concentrated in countries that are at the more advanced stages of economic development.
- B. Manufacturing output in the U.S. is shrinking.
- C. Countries with cheap labor have a slow rate of growth.
- D. Many factories are concentrated in rural areas of the U.S.
- E. Currently, U.S. manufacturing output is at its lowest point since 1980.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 5
Perreault - Chapter 06 #223
Question Type: Comprehension
Self-Test: No

224. What percentage of total U.S. "value added" is produced by manufacturers which employ 250 or more employees?

(p. 155-156)

- A. 40 percent
- B.** Almost 60 percent
- C. 30 percent
- D. Less than 5 percent
- E. 10 percent

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Hard
LearnObj: 5
Perreault - Chapter 06 #224
Question Type: Definition
Self-Test: No

225. U.S. business manufacturing markets tend to be concentrated:

(p. 155-156)

- A. by industry.
- B. with a relatively few large manufacturing plants.
- C. by geographical location.
- D.** All of the above.
- E. Only B and C above.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 5
Perreault - Chapter 06 #225
Question Type: Definition
Self-Test: No

226. U.S. manufacturers:

(p. 155-156)

- A. all employ many workers.
- B. are evenly spread throughout the country.
- C.** tend to concentrate by industry.
- D. do not locate close to competitors.
- E. Both C and D.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 06 #226
Question Type: Definition
Self-Test: No

227. If a firm targets business and organizational markets,

(p. 156)

- A. NAICS codes may be helpful for segmenting potential customers in Europe but not those in the U.S.
- B. each customer may need to be treated as a different segment.
- C. competing manufacturers are often clustered in geographic locations.
- D. All of the above are true.
- E.** Both B and C are true.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 06 #227
Question Type: Self-Test
Self-Test: Self-Test

228. The U.S. government collects and publishes data by _____ codes -- groups of firms in similar lines of business.

(p. 156)

- A. JIT.
- B. MFG LIST.
- C. PRIZM USA.
- D. NAPCS.
- E.** NAICS.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 06 #228
Question Type: Application
Self-Test: No

229. "NAICS" means:

(p. 156)

- A. North American Initiative for Competitive Structure.
- B.** North American Industry Classification System.
- C. New Auto Industry Classification System.
- D. National Automakers Industry Classification System.
- E. National Apparel Industry Classification System.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 5
Perreault - Chapter 06 #229
Question Type: Definition
Self-Test: No

230. When looking at NAICS codes:

(p. 157)

- A. The fewer numbers in the code, the more general the industry classification is.
- B. The more numbers in the code, the more general the industry classification is.
- C. The fewer numbers in the code, the more specific the industry classification is.
- D. The more numbers in the code, the more specific the industry classification is.
- E. Both A and D.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 06 #230
Question Type: Comprehension
Self-Test: No

231. You have just been asked by your manager to compile data on firms in California that have a specific 4-digit NAICS code. You should know

(p. 157)

- A. that there are no 4-digit NAICS codes.
- B. that there is only one firm to find, since each firm has its own 4-digit NAICS code.
- C. that it is possible that no data will be available, even if there is one large firm in California in that 4-digit industry.
- D. that she is talking about the New Auto Industry Classification Survey.
- E. that none of the above is true.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Hard
LearnObj: 5
Perreault - Chapter 06 #231
Question Type: Comprehension
Self-Test: No

232. The U.S. government would NOT publish NAICS data that gives:

(p. 157)

- A. the total sales volume of the four steel manufacturers in a Metropolitan Statistical Area.
- B. the number of employees for similar two digit industry groups.
- C. the total sales volume of the only textile equipment manufacturer in a state.
- D. the sales volumes of similar two digit industry groups.
- E. the number of establishments for various industry groups.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 06 #232
Question Type: Self-Test
Self-Test: Self-Test

233. Which of the following NAICS codes would be used by a marketing manager who wanted data on the MOST GENERAL breakdown of a particular industry?
(p. 157)

- A. 31
- B. 31522
- C. 315
- D. 3152
- E. There is no way to tell from the information provided.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Medium
LearnObj: 5
Perreault - Chapter 06 #233
Question Type: Application
Self-Test: No

234. Which of the following NAICS codes would be used by a marketing manager who wanted data that was the MOST SPECIFIC to a particular type of firm within an industry?
(p. 157)

- A. 31
- B. 31522
- C. 315
- D. 3152
- E. There is no way to tell from the information provided.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Medium
LearnObj: 5
Perreault - Chapter 06 #234
Question Type: Application
Self-Test: No

235. If you obtain a customer's four digit NAICS code, you should know that:
(p. 157)

- A. this firm might be manufacturing quite different products than other firms with the same number.
- B. the firm may also have a five digit code.
- C. a number of other firms probably have the same code.
- D. the firm may also have a six digit code.
- E. All of the above are true.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 06 #235
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

236. As contrasted with manufacturers, producers of services are:

(p. 157-158)

- A. more geographically spread out.
- B. growing fast domestically and internationally.
- C. more numerous.
- D. All of the above.**
- E. None of the above.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 06 #236
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

237. Which of the following statements about purchasing by small service firms is NOT TRUE?

(p. 158)

- A. Purchases by small service firms are often handled by whoever is in charge.
- B. Purchases by small service firms can add up and these smaller firms are now an important target market.
- C. Purchases by small service firms are usually handled by a person with full-time responsibility for purchasing.**
- D. Small service firms may need much more help in buying than large corporations.
- E. Small service companies often rely on e-commerce for purchases.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 06 #237
Question Type: Comprehension
Self-Test: No

238. With regard to retail buying:

(p. 158-159)

- A. Most retail buyers see themselves as purchasing agents for their suppliers.
- B. Buying committees, instead of individual retail buyers, may make the decisions.**
- C. Retail buyers make most purchases as modified rebuys.
- D. All of the above are correct.
- E. None of the above is correct.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 06 #238
Question Type: Integrating
Self-Test: No

239. Regarding buying by intermediaries,
(p. 159)

- A. computer-controlled inventory systems make buyers more dependent on sales reps.
- B.** buying committees are a way for supermarkets to handle the flood of new products.
- C. buyers are seldom influenced by their salespeople.
- D. wholesalers and retailers typically only carry products which they have judged "socially desirable."
- E. all of the above are true.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Hard
LearnObj: 6
Perreault - Chapter 06 #239
Question Type: Integrating
Self-Test: No

240. When a large wholesaler or retailer uses a buying committee,
(p. 159)

- A. the buyer still makes the final purchase decision.
- B.** the sales rep may not be able to make a sales presentation to the committee.
- C. the impact of persuasive salespeople is increased.
- D. the intermediary is more likely to take a chance on a really new product that hasn't yet proved itself.
- E. All of the above are true.

AACSB: 6. Reflective thinking
Chapter: 6
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 06 #240
Question Type: Comprehension
Self-Test: No

241. Committee buying in large retail chains
(p. 159)

- A. makes the buyers work as a group and thus lower costs.
- B. allows a sales rep to avoid a difficult buyer.
- C. makes it difficult for the seller to see a buyer personally.
- D.** reduces the impact of a persuasive sales rep.
- E. All of the above.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 06 #241
Question Type: Comprehension
Self-Test: No

242. Because more intermediaries are using computer systems to control inventory levels,
(p. 159)

- A.** they can assess the profitability of each product.
- B. new-task buying is increasing.
- C. they are carrying larger inventories.
- D. negotiated contract buying is increasing.
- E. All of the above are occurring.

AACSB: 4 Use of IT
Chapter: 6
Difficulty: Hard
LearnObj: 6
Perreault - Chapter 06 #242
Question Type: Comprehension
Self-Test: No

243. Large wholesale and retail buyers typically:

(p. 159)

- A. pay close attention to each of the products they buy.
- B. don't trust automatic inventory control methods.
- C. see themselves as selling agents for manufacturers.
- D. buy most of their products as straight rebuys.**
- E. None of the above.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 06 #243
Question Type: Self-Test
Self-Test: Self-Test

244. In large retail firms

(p. 159)

- A. committee buying favors sellers with persuasive salespeople.
- B. buying committees are the way all buying decisions are now made.
- C. buyers have computers systems that let them know the profitability of different competing products.**
- D. purchasing agents make decisions based on what products they would buy themselves.
- E. None of the above is true.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 06 #244
Question Type: Comprehension
Self-Test: No

245. Retail buyers that have money available to spend are said to be _____.

(p. 159-160)

- A. open to buy**
- B. ready to negotiate
- C. residential buyers
- D. looking for new items
- E. merchandise ready

AACSB: 11 Analysis for decisions
Chapter: 6
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 06 #245
Question Type: Definition
Self-Test: No

246. A retail buyer being "open to buy" means that:

(p. 159-160)

- A. increases in demand have him back in the market.
- B. multiple buying influence will not occur.
- C. he will buy only if offered special prices.
- D. he has budgeted funds that he can spend during the current period.**
- E. the sales rep should call during those "open" hours.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Hard
LearnObj: 6
Perreault - Chapter 06 #246
Question Type: Definition
Self-Test: No

247. "Open to buy"

(p. 159-160)

- A. means that a retail buyer is in the market looking for "good buys."
- B. refers to the business hours when the retail buyer is available for sales reps.
- C.** means that a retail buyer still has budgeted funds to spend during the current period.
- D. refers to retail buyers who have shelf space available for new products.
- E. means that "new-task" buying is likely.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Hard
LearnObj: 6
Perreault - Chapter 06 #247
Question Type: Definition
Self-Test: No

248. Resident buyers

(p. 160)

- A. are not "resident" in the buying firm, but rather are independent buying agents in central markets.
- B. are especially helpful to small producers and intermediaries.
- C. are frequently used to help select new styles and fashions, as well as fill-in items.
- D. are usually paid an annual fee--based on their purchases.
- E.** All of the above are true.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 06 #248
Question Type: Definition
Self-Test: No

249. Resident buyers:

(p. 160)

- A. usually work for only one large retailer because of the work involved.
- B.** are independent buying agents who work for several retailers.
- C. frequently travel to central markets to buy new styles.
- D. maintain offices in retailers' buying departments.
- E. All of the above.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Hard
LearnObj: 6
Perreault - Chapter 06 #249
Question Type: Definition
Self-Test: No

250. Independent buying agents who work in central markets for wholesalers and retailers from outlying areas are called:

(p. 160)

- A. buying committees.
- B. buying centers.
- C. buying agents.
- D. brokers.
- E.** resident buyers.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 06 #250
Question Type: Definition
Self-Test: No

251. Which of the following statements about retail buying is FALSE?

(p. 160)

- A. In most retail operations, a "resident buyer" runs his own department--and his decision is final.
- B. Most retail buyers see themselves as purchasing agents for their target customers.
- C. Retail buyers make most purchases as straight rebuys.
- D. A retail buyer is usually "open to buy" only when s/he has not spent all of the budgeted funds.
- E. Resident buyers are independent buying agents who help producers and intermediaries reach each other inexpensively.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 06 #251
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

252. Which of the following statements about resident buyers is true?

(p. 160)

- A. They are independent buying agents who work for a particular retailer or wholesaler customer.
- B. They operate in rural markets in developing countries.
- C. They buy fill-in items once a year for their customers.
- D. They help small channel members reach each other inexpensively.
- E. They usually are paid a monthly commission based on the market they work in.

AACSB: 9 Value creation
Chapter: 6
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 06 #252
Question Type: Comprehension
Self-Test: No

253. With regard to government buying:

(p. 160)

- A. One of the primary concerns of government buyers is finding the lowest price.
- B. A government buyer may be forced to accept the lowest bid whether he wants the goods or not.
- C. A government buyer can accept a higher bid when lower bids don't meet the required specifications.
- D. All of the above are correct.
- E. None of the above is correct.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 06 #253
Question Type: Integrating
Self-Test: No

254. Which of the following statements about bidding for government business is true?

(p. 160)

- A. Government buying needs are hard to identify--and their primary concern is with finding the lowest price.
- B. Government buyers avoid using negotiated contracts since they must purchase at a pre-set price.
- C. A government buyer may be forced to accept the lowest bid that meets the specifications.**
- D. The biggest job of the government buyer is to locate enough potential suppliers so the bidding procedure works effectively.
- E. All of the above are true statements.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 06 #254
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

255. All of the following are true of government markets except

(p. 160)

- A. the government is the largest customer group in all countries.**
- B. most government customers buy by specification using a mandatory bidding procedure.
- C. the government buyer must often accept the lowest bid that meets the specifications.
- D. by law, a government unit might have to accept the lowest bid even for an unwanted product.
- E. government purchases are usually subject to much public review.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 06 #255
Question Type: Comprehension
Self-Test: No

256. The government market:

(p. 160)

- A. Is one of the smallest customer groups in the United States.
- B. Often has a buying process that includes purchase specifications and competitive bidding procedures.**
- C. Never utilizes negotiated contract buying.
- D. Purchases a fairly narrow range of products dealing with public safety.
- E. All of the above.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 06 #256
Question Type: Comprehension
Self-Test: No

257. The government market

(p. 160)

- A. often relies on an "approved supplier list" for routine items that are bought frequently.
- B. is the largest customer group in the United States, accounting for about 30 percent of the gross domestic product.
- C. usually buys from the lowest price supplier that can meet the written specifications.
- D.** All of the above are true.
- E. None of the above are true.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 06 #257
Question Type: Comprehension
Self-Test: No

258. Government buyers in the U.S. usually buy by:

(p. 160)

- A. specification--using a mandatory bidding procedure.
- B. negotiated contracts.
- C. haggling.
- D. influence peddling.
- E.** Both A and B.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 06 #258
Question Type: Definition
Self-Test: No

259. Regarding the government market,

(p. 160)

- A. sales reps generally do not (and should not) write the specifications for government business.
- B.** government is the largest customer group in the United States--spending about 30 percent of GDP.
- C. governments buy a lot, but only of certain products and can be safely ignored by most producers.
- D. negotiated contracts are uncommon because of mandatory bidding procedures.
- E. All of the above are true.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Hard
LearnObj: 6
Perreault - Chapter 06 #259
Question Type: Integrating
Self-Test: No

260. Regarding U.S. government market buying,
(p. 160)

- A. a buyer may order from a supplier on the "approved list" at a previously set price--without asking for new bids.
- B. most buyers write specs so that only one brand or supplier qualifies.
- C. it is illegal for a salesperson to try to influence the writing of product specifications.
- D. Both A and C are true.
- E. None of the above is true.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 06 #260
Question Type: Comprehension
Self-Test: No

261. In selling to government units, a supplier should do each of the following EXCEPT:
(p. 161)

- A. Learn the bidding methods of government units it is targeting.
- B. Match marketing mixes to bid procedures.
- C. Read about potential government target markets from various government publications.
- D. Get permission from the government in a particular country to sell to that country.
- E. All of the above should be done by suppliers.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 06 #261
Question Type: Comprehension
Self-Test: No

262. The Foreign Corrupt Practices Act:
(p. 161)

- A. prohibits U.S. firms from paying bribes to foreign officials.
- B. levies stiff penalties against people who pay bribes.
- C. exempts managers whose agents secretly pay bribes.
- D. was amended to allow small grease money payments if they are customary in that country.
- E. All of the above.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 06 #262
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

263. This act, passed by the U.S. Congress in 1977, prohibits U.S. firms from paying bribes to foreign officials.
(p. 161)

- A. Corporate Responsibility for the New Millennium Act
- B. Racketeer Influenced and Corrupt Organization Act
- C. Ethics in Business Act
- D. Anti-Bribery Act
- E.** Foreign Corrupt Practices Act

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 06 #263
Question Type: Comprehension
Self-Test: No

264. The Foreign Corrupt Practices Act:
(p. 161)

- A. allows small grease money payments if they are customary in the foreign country in which a firm is operating.
- B. does not hold a manager responsible if a foreign agent secretly pays a bribe on his own.
- C. allows U.S. firms to pay bribes to foreign officials if the payment is made outside the U.S.
- D. all of the above.
- E.** only A and B above.

AACSB: 3 Analytical skills
Chapter: 6
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 06 #264
Question Type: Self-Test
Self-Test: Self-Test

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