ch9

Student: _____

1. The product life cycle concept is concerned with planning for product recycling to protect the environment.

   True False

2. The product life cycle describes the stages a really new product idea goes through from beginning to end.

   True False

3. The product life cycle is the four stages a new product idea goes through from beginning to end.

   True False

4. Market introduction, market growth, market maturity, and sales decline are the four stages of the product life cycle.

   True False

5. During the various stages of the product life cycle, the attitudes and needs of target customers do not change.

   True False

6. Sales and profits generally decrease continually throughout the product life cycle.

   True False

7. Sales and profits usually move together over time during the product life cycle.

   True False

8. In the market introduction stage, sales are low as a new idea is first introduced to a market.

   True False

9. The market introduction stage of the product life cycle is usually marked by losses, as money is being invested in the hope of future profits.

   True False

10. In the market growth stage of the product life cycle, firms usually earn smaller profits than they did in the market introduction stage because new competitors enter the market.

    True False

11. During the market growth stage of the product life cycle, industry profits usually reach their peak and begin to decline.

    True False

12. The market maturity stage of the product life cycle has very low promotion expenditures, little price competition, and rising industry profits.

    True False

13. Industry profits usually decline steadily during the market maturity stage of the product life cycle.

    True False

14. The market maturity stage of the product life cycle rarely lasts more than one or two months.

    True False

15. During the sales decline stage of the product life cycle, no firm can earn a profit.

    True False

16. It is still possible for a firm to earn a profit if it operates in the sales decline stage of the product life cycle.

    True False

17. Product life cycles describe industry sales and profits within a particular product-market, and not the sales and profits of individual brands.

    True False

18. The sales and profits of an individual brand always follow the life-cycle pattern.

    True False

19. The product life cycle shows that sales of an individual firm's brand follows a general pattern--which is very useful for marketing strategy planning.

    True False

20. The sales and profits of an individual brand may or may not follow the life cycle pattern of the product idea.

    True False

21. A product idea may be in different life-cycle stages in different markets.

    True False

22. A firm may introduce or withdraw a product during any stage of the product life cycle.

    True False

23. It is possible for a firm with a mature product in the U.S. to experience new growth with the same product in international markets.

    True False

24. To fully understand the nature of competition and the speed of the relevant product life cycle, it is important not to define a market too narrowly.

True False

25. The more narrowly we define a product-market, the shorter the product life cycle because improved product ideas come along to replace the old.

True False

26. It is easy for marketing managers to predict how long a product or brand will stay in each stage of the product life cycle.

True False

27. The length of each stage in the product life cycle is set.

True False

28. The product life-cycle concept tells a manager how long each stage of the cycle will last.

True False

29. The smaller the comparative advantage of a new product over those already on the market, the faster its sales will grow.

True False

30. Sales growth is faster when a new product is easy to use and its advantages are easy to communicate.

True False

31. Sales growth is faster when the product can be used on a trial basis.

True False

32. Sales growth is usually faster when the product is incompatible with the past values and experience of the target market.

True False

33. In general, product life cycles appear to be getting longer in recent years.

True False

34. Firms should try to develop marketing mixes that make the most of the market growth stage of the product life cycle--when profits are highest.

True False

35. The stage of the product life cycle in which competitors are most likely to introduce product improvements is the market growth stage.

True False

36. Fashion-related products tend to have short life cycles.

True False

37. A fad is an idea that is fashionable only to certain groups who are enthusiastic about it.

True False

38. Fad products are characterized by popular styles and they appeal to the mass market.

True False

39. A fad cycle is shorter than a fashion cycle.

True False

40. The probable length of the product life cycle has little effect on strategy planning.

True False

41. Marketing strategy planning for a product depends on where the product is in its life cycle and how fast it is moving to the next stage.

True False

42. When introducing a really new product, the marketer should be concerned about building channels of distribution, but not about promotion.

True False

43. How quickly a new product will be accepted by customers and how quickly competitors will follow with their own version of a product are important factors when planning the best strategy for a new product.

True False

44. It is always in the best interest of the market pioneer for competitors to stay out of the market.

True False

45. When a firm's product has won loyal customers, it can be successful for a long time—even in a mature or declining market.

True False

46. The strategies for all stages of the product life cycle should be growth strategies.

True False

47. If the prospects in some product-market are poor, a firm may need a "phase out" strategy.

True False

48. A product that is new in any way for the company concerned is a new product, according to the text.

True False

49. Variations on an existing product idea can make a product new.

True False

50. To be called "new" according to the FTC, a product must be entirely new or changed in a functionally significant or substantial respect.

True False

51. The FTC places no restriction on the length of time a product can be called "new."

True False

52. The risks and costs of failure in new-product development are minor when one considers the likely rewards.

True False

53. Experts estimate that 80-95 percent of all new consumer packaged goods brands fail.

True False

54. A new-product development process helps make sure that new ideas for products are carefully studied and good ideas are marketed profitably.

True False

55. In the new-product development process discussed in the text, the burden is on the new-product idea to prove itself or be rejected.

True False

56. The first step in new-product development is evaluating ideas.

True False

57. A "deficient" product is one which provides low immediate satisfaction and low long-run welfare for consumers.

True False

58. When planning new products, managers need not be too concerned about safe design because it is each consumer's responsibility to decide what products are safe to buy and use.

True False

59. If an individual is injured by a defective or unsafely designed product, the seller's legal obligation to pay damages is called product liability.

True False

60. Product liability means the legal obligation of sellers to pay damages to individuals who are injured by defective or unsafe products.

True False

61. Relative to most other countries, the U.S. has very strict product liability standards.

True False

62. Even in a full-scale market test, the firm is testing only the product, not the whole marketing mix.

True False

63. Market testing can be risky because it gives information to competitors, but not testing may be even riskier.

True False

64. A high percentage of new-product ideas survive to the commercialization step in the new-product development process.

True False

65. In general, top management support is needed for successful new-product development efforts.

True False

66. New-product development usually fits into the old routines of a firm, so it is not necessary for top management to support new-product development in any special way.

True False

67. Brand managers manage specific products, often taking over the jobs formerly handled by an advertising manager.

True False

68. Product managers or brand managers are most often found in firms with only one or a few related products.

True False

69. Product managers are especially common in small, single-product companies.

True False

70. When a large firm has several different kinds of products, product managers or brand managers may be put in charge of each one.

True False

71. The total quality management approach recognizes that defects are an inevitable part of mass production, and that the cost of replacing defective goods is just a cost of doing business.

True False

72. The Japanese success showed that one of the biggest costs of poor quality is lost customers.

True False

73. The cost of replacing defective parts is the biggest cost of poor quality.

True False

74. With total quality management (TQM), a company's management makes the marketing department solely responsible for quality and customer service.

True False

75. Total quality management can be used to improve any implementation effort.

True False

76. "Continuous improvement" means a commitment to constantly make things better—one step at a time.

True False

77. In continuous improvement, the place to start is to clearly define "defects" in the implementation process, from the marketer's point of view.

True False

78. A Pareto chart is a visual aid that helps organize cause and effect relationships for "things gone wrong."

True False

79. A fishbone diagram is a graph that shows the number of times a problem cause occurs, with problem causes ordered from most frequent to least frequent.

True False

80. Simply showing customer-contact employees around the rest of the business—so that they learn how their contribution fits in the total effort—can be a key part of their training.

True False

81. Total quality management applies when the firm's product is a physical good, but not if it is a service.

True False

82. The two keys to improving how people implement quality service are: (1) training and (2) more inspectors.

True False

83. Empowerment means giving employees the authority to correct a problem on their own.

True False

84. The money spent to improve quality should not only satisfy customers but also justify the cost through improved profit.

True False

85. A manager shouldn't worry about making a financial return from money spent on a quality program as long as customers recognize that the quality is high.

True False

86. The product life cycle has four stages. Which of the following is not one of these?

A. Market introduction
B. Market growth
C. Market maturity
D. Economic competition
E. Sales decline

87. Which of the following is NOT one of the text's product life cycle stages?

A. Market maturity
B. Market penetration
C. Market introduction
D. Sales decline
E. Market growth

88. The product life cycle:

A. Describes the stages a new product idea goes through from beginning to end.
B. Has five major stages.
C. Applies more to individual brands than to categories or types of products.
D. Shows that sales and profits tend to move together over time.
E. All of the above.

89. As a product moves through its product life cycle:

A. a firm should change its target market--but not its marketing mix.
B. the competitive situation moves toward monopoly.
C. industry profits keep increasing along with industry sales.
D. customers' needs and attitudes may change.
E. All of the above are true.

90. As a product moves through its product life cycle:

A. industry profits may decrease while industry sales increase.
B. the nature of competition moves toward pure competition or oligopoly.
C. entirely different target markets may be aimed at.
D. customers' attitudes and needs may change.
E. All of the above are true.

91. Regarding product life cycles, a good marketing manager knows that

A. entirely different target markets may be involved at different stages of the product life cycle.
B. a product that doesn't get beyond the introduction stage is still likely to be very profitable.
C. industry profits are increasing well after sales start to decline.
D. once a market goes into sales decline, oligopoly conditions set in.
E. All of the above are true.

92. The total sales of a product, by all competitors in the industry, is

A. highest in the introduction stage.
B. lowest in the market maturity stage.
C. highest in the sales decline stage.
D. lowest in the market growth stage.
E. lowest in the market introduction stage.

93. In the market introduction stage of the product life cycle

A. sales are the highest.
B. most companies experience losses.
C. industry profits rise.
D. industry sales level off.
E. total industry profit is highest.

94. During the MARKET INTRODUCTION stage of the product life cycle:

A. large profits are typical--until competition arrives.
B. Price and Promotion are more important than Place and Product.
C. much money is spent on Promotion, while spending on Place is left until later.
D. money is invested--in the hope of FUTURE profits.
E. most customers will try really new products.

95. During the introduction stage of the product life cycle,

A. "me-too" products quickly take market share away from the innovator.
B. most products achieve intensive distribution.
C. industry profits are at their highest.
D. promotion is likely to be needed to build primary demand.
E. None of the above is true.

96. In the _____ stage of the product life cycle, organizations focus on building primary demand.

A. market decline
B. market maturity
C. sales decline
D. market growth
E. market introduction

97. During the market introduction stage of the product life cycle:

A. considerable money is spent on promotion while place development is left until later stages.
B. products usually show large profits if marketers have successfully carved out new markets.
C. most potential customers are quite anxious to try out the new-product concept.
D. funds are being invested in marketing with the expectation of future profits.
E. product and promotion are more important than place and price.

98. In which product life cycle stage must companies focus on educating potential customers about the advantages of a new product concept?

A. Market establishment.
B. Market introduction.
C. Market growth.
D. Market maturity.
E. Sales decline.

99. In which of the following situations is the new product entering the MARKET INTRODUCTION stage of the product life cycle?

A. Porsche just introduced a new luxury sport-ute to compete against sport-utes made by others.
B. Colgate-Palmolive just introduced a "new and improved" chemical formula for its "Total" toothpaste.
C. Home Depot (a home improvement chain) just introduced its own dealer brand of paint.
D. Apple just introduced a computer operating system that is so "user-friendly" it responds to spoken commands.
E. All of the above.

100. Pfizer Corp. is introducing a really new product idea. Pfizer is spending a lot of money to inform potential customers and intermediaries about the availability and advantages of the new product. Although sales are rising slowly, Pfizer doesn't expect the product to become profitable for at least another year. Pfizer's new product is in which stage of the product life cycle?

A. Market introduction
B. Sales decline
C. Market development
D. Market growth
E. Market maturity

101. Industry profits are largest in which of the following product life cycle stages?

A. market introduction.
B. market growth.
C. market maturity.
D. sales decline.
E. any of the above.

102. Total industry profits reach their maximum during the _____ stage of the product life cycle.

A. market maturity
B. sales decline
C. market development
D. market introduction
E. market growth

103. It is toward the end of the _____ stage of the product life cycle when industry profits begin to decline.

A. market maturity
B. market introduction
C. market growth
D. sales decline
E. market decline

104. In the MARKET GROWTH stage of the product life cycle:

A. competing products become almost the same in the minds of potential consumers.
B. distribution moves from intensive to selective.
C. many competitors drop out of the market.
D. total industry sales increase very slowly.
E. total industry profits reach their peak and begin to decline.

105. Regarding product life cycles, good marketing managers know that:

A. all competitors lose money during the sales decline stage.
B. they are getting longer.
C. industry sales reach their maximum during the market growth stage.
D. firms earn their biggest profits during the market introduction stage.
E. industry profits reach their maximum during the market growth stage.

106. Which of the following statements regarding the market growth stage of the product life cycle is FALSE?

A. Innovators still earn profits--but this stage is less profitable for them than the previous stage.
B. This is the time of peak profitability for the industry.
C. Many competitors enter the market resulting in much product variety.
D. The sales of the total industry are rising fairly rapidly as more and more customers buy.
E. None of the above is a false statement.

107. Cargill, Inc. is finally earning a profit on the unique product it introduced six months ago. Cargill's advertising is both informative and persuasive. Much money is being spent on Place development. There is little price competition, although several competitors have come out with reasonable imitations. Total industry sales and profits are both rising. In which stage of the product life cycle is Cargill operating?

A. Market growth
B. Market introduction
C. Sales decline
D. Market maturity
E. Market development

108. Acme Corporation is currently experiencing rising sales for a new product idea it pioneered several months ago. Profits are also increasing, so other competitors are now entering the market with similar products. The competitive situation is changing from monopoly to monopolistic competition. In which stage of the product life cycle is Acme Corporation operating?

A. Market establishment.
B. Market introduction.
C. Market growth.
D. Market maturity.
E. Sales decline.

109. Identify the INCORRECT statement pertaining to the stages of the product life cycle.

A. The market introduction stage can be seen as investing in the future.
B. In the market growth stage profits keep rising steadily with no sign of decline.
C. Sales level off and profits continue down in the market maturity stage.
D. The sales decline stage can be seen as a time of replacement.
E. Industry profits go down throughout the market maturity stage.

110. Industry sales are highest in which of the following product life cycle stages?

A. market growth.
B. market development.
C. market maturity.
D. sales decline.
E. market introduction.

111. Health Care Products Company has noticed that in one of its product-markets industry sales have leveled off and competition has been getting tougher This product-market appears to be in the ____ stage of the product life cycle.

A. market maturity
B. market introduction
C. market growth
D. sales decline
E. market decline

112. Competition is toughest in which of the following product life cycle stages?

A. market introduction.
B. market growth.
C. market maturity.
D. market development.

113. Marketing managers should recognize that:

A. product life cycles appear to be getting longer.
B. every segment within a market has the same product life cycle.
C. the product life cycle describes the sales and profits of individual products, not industry sales and profits.
D. firms that enter mature markets have to compete with established firms for declining industry profits.
E. None of the above is a true statement.

114. Regarding product life cycle planning, good marketing managers know that:

A. a "me-too" new brand may immediately enter during market growth or market maturity.
B. every brand must go through the sales decline stage.
C. market introduction is usually profitable for the innovator.
D. any change in an existing product results in a new product life cycle.
E. All of the above are true.

115. Which of the following observations concerning the market maturity stage is NOT TRUE?

A. Many aggressive competitors have entered the race for profits.
B. There is a long-run downward pressure on prices.
C. New firms cannot enter the market at this stage.
D. Promotion costs rise and some competitors cut prices to attract business.
E. Persuasive promotion becomes more important during this stage.

116. During the MARKET MATURITY stage of the product life cycle:

A. some competitors drop out of the market--and no new firms enter.
B. persuasive promotion becomes more important.
C. promotion emphasizes the advantages of the basic product concept.
D. total industry sales and profits reach their maximum levels.
E. All of the above.

117. Regarding product life cycles, which of the following is NOT true?

A. Industry profits are likely to level off or decline before sales level off.
B. The level of promotion usually decreases in market maturity since there is less revenue to cover the cost.
C. Many close substitutes are usually competing in the market maturity stage.
D. It is usually expensive for a new firm to enter in the market maturity stage.
E. There is a downward pressure on prices over time.

118. Persuasive promotion is especially important in which of the following product life cycle stages?

A. market maturity.
B. sales decline.
C. market introduction.
D. market growth.

119. An industry's sales have leveled off and profits are declining in oligopolistic competition. Consumers see competing products as "homogeneous." Several firms have dropped out of the industry, but a new one entered recently. Firms in the industry are trying to avoid price-cutting by spending on persuasive advertising. These firms are competing in which stage of the product life cycle?

A. Market growth
B. Market maturity
C. Market development
D. Market introduction
E. Sales decline

120. An industry with oligopolistic competition faces falling profits and its sales growth is slow. Demand for individual brands has become quite elastic--as consumers see competing products as almost homogeneous. Several firms have dropped out. What is the life cycle stage?

A. Market maturity
B. Sales decline
C. Market growth
D. Market introduction
E. Product renewal

121. Over the past several years, like other auto manufacturers, General Motors (GM) has introduced many new models of sport utility vehicles (SUVs) in all of its major divisions. This proliferation of SUVs and an increase in gasoline prices have caused sales to level off. In response, General Motors offered rebates of up to $5,000, or no-interest financing, on selected models of SUVs. The largest rebates went to current owners of GM vehicles, so that they would replace their current vehicles with a GM model instead of switching to another brand. The rebates have been heavily advertised on national television. Profit margins per vehicle have shrunk as a result of these costly promotions. In what stage of the product life cycle is GM currently operating?

A. Market establishment.
B. Market introduction.
C. Market growth.
D. Market maturity.
E. Sales decline.

122. During the SALES DECLINE stage of the product life cycle:

A. firms with strong brands may make profits almost until the end.
B. no profits are earned.
C. price competition usually declines.
D. brand loyalty declines.
E. monopoly is typical.

123. During the sales decline stage

A. price competition from dying products is reduced.
B. profits are non-existent.
C. new products replace the old.
D. profits increase and then decrease.
E. none of the above.

124. Midway, Inc. has seen most of its competitors drop out of its product-market due to declining industry sales and profits. But Midway still has much demand for its product from a small group of loyal customers. This product-market is in which product life cycle stage?

A. Market introduction
B. Market maturity
C. Market development
D. Market growth
E. Sales decline

125. Product life cycles refer to the life of:

A. a firm's individual product.
B. a product idea.
C. a firm's brand.
D. a fashion.
E. all of the above.

126."Product life cycles" are concerned with sales and profits:

A. in generic markets--not individual product-markets.
B. of a firm's individual products or brands.
C. of goods but not services.
D. in a product-market.
E. Both A and C.

127.Which of the following observations concerning the product life cycle is NOT TRUE?

A. Product life cycles describe industry sales and profits for a product idea within a particular product-market.
B. The sales and profits of an individual brand follow the life-cycle pattern.
C. A product idea may be in a different life-cycle stage in different markets.
D. Product life cycles should be related to specific markets.
E. A given firm may introduce or drop a specific product during any stage of the product life cycle.

128.Regarding product life cycles, which is TRUE?

A. Industry sales and profits tend to reach their maximum during the market maturity stage.
B. Product life cycles describe industry sales and profits within some product-market.
C. Product life cycles are generally getting shorter and cannot be extended.
D. Every new brand must pass through all four stages of the product life cycle.
E. All of the above are true.

129.When thinking about the product life cycle, a good manager knows that:

A. Sales and profits for individual brands always follow the same life cycle pattern as industry sales and profits.
B. The only stage in which products are introduced is the market introduction stage.
C. All products will eventually earn a profit.
D. A product that is mature in one market may be in the growth stage in another international market.
E. All of the above.

130.The shape, length, and current stage of a product life cycle may vary depending:

A. on how the market is defined.
B. on the nature of the competition.
C. on the nature of the products involved.
D. All of the above.
E. None of the above.

131.Concerning product life cycles:

A. each of a producer's individual products follows the life cycle pattern.
B. in the early part of market maturity, new products begin to replace the old.
C. the stages usually have varying lengths.
D. in general, life cycles are getting longer.
E. None of the above is true.

132. A new product idea is more likely to move quickly through the early stages of the product life cycle when:

A. the product is easy to use.
B. the product is compatible with the values and experiences of target customers.
C. the product can be given a trial.
D. the product's advantages are easy to communicate.
E. All of the above are correct.

133. A new-product idea moves through the early stages of the life cycle more quickly when it has all the following characteristics EXCEPT:

A. the product is easy to use.
B. the product can be tried on a limited basis, without a lot of risk to the customer.
C. the product has no competitive advantage over those already in the market.
D. the product is compatible with the values and experiences of target customers.
E. the product's advantages are easy to communicate.

134. According to the text, product life cycles are:

A. getting longer.
B. speeding up in the later stages.
C. now about the same length as 100 years ago.
D. getting shorter.
E. slowing down in the early stages.

135. When purchasing consumer electronics or other high-technology products, most consumers are aware that within a year after making a purchase, it is likely that a new model—or an entirely new product idea--will offer more features for the same amount of money. This phenomenon is a good example of the fact that, in general:

A. Product life cycles are getting longer.
B. Product life cycles are getting shorter.
C. The product life cycle rarely changes in length.

136. Which of the following statements is NOT TRUE of the product life cycle?

A. How long a whole product life cycle takes, and the length of each stage, varies a lot across products.
B. Although the life of different products varies, on average product life cycles are getting longer.
C. The greater the comparative advantage of a new product over those already on the market, the more rapidly its sales will grow.
D. If the product can be tried on a limited basis, without a lot of risk to the customer, it can usually be introduced more quickly.
E. A product idea may be in a different life-cycle stage in different markets.

137. Because firms must be developing new products all the time, which of the following statements is true?

A. Competitors are likely to rapidly introduce product improvements in the market growth stage.
B. The developed economies experience technological advances quicker than the less-developed economies.
C. Although the life of different products varies, product life cycles are getting shorter.
D. One new invention may make possible many new products to replace old ones.
E. All of the above are true.

138. Which of the following products is not in the growth stage of the product life cycle?

A. laptop computers
B. public pay telephones
C. gas powered automobiles
D. washing machines
E. none of the above is in the growth stage.

139. "Fashion" is the currently accepted or popular _____

A. trend.
B. idea.
C. fad.
D. assortment.
E. style.

140. A good marketing manager knows that:

A. a fashion is the currently accepted or popular style.
B. the faster fashions change, the harder marketing strategy planning is.
C. modern technology affects the speed of fashion change.
D. all of the above.
E. none of the above.

141. Regarding product life cycles, which of the following statements is NOT true?

A. A fashion is even more short lived than a fad.
B. Fashion-related products tend to have short life cycles.
C. Rapid changes in technology often lead to shorter product life cycles.
D. Product life cycles seem to be getting shorter in both consumer and business product markets.
E. All of the above are true.

142. In the market introduction stage of a fast product life cycle, _____ helps develop loyal customers early and keeps competitors out.

A. a low initial penetration price
B. intensive distribution
C. promotion that builds selective demand
D. promotion that reminds
E. a market skimming price

143. When planning for the different stages of the product life cycle, managers should remember that:

A. Sometimes, competitors can help to build customer interest in a new product idea.
B. The correct strategy depends on how quickly the new idea will be accepted by consumers.
C. A firm that can change its strategy quickly may have an advantage over less flexible competitors.
D. Not all new product ideas catch on with consumers or intermediaries.
E. All of the above.

144. As a product moves into the market maturity stage of the product life cycle:

A. Consumers tend to view products as being more similar.
B. The competitive situation moves toward monopoly.
C. Promotion emphasizes informing consumers more than persuading them.
D. There is less consideration of competition in setting prices.
E. All of the above.

145. As a product moves into the market maturity stage of its life cycle, the marketing manager should:

A. try to build primary demand.
B. move toward exclusive distribution.
C. expect the market to move toward pure competition.
D. All of the above are true.
E. None of the above is true.

146. When moving into the market maturity stage of the product life cycle, a firm might be able to obtain a competitive advantage:

A. with lower production costs.
B. by being more successful at promotion.
C. by having a slightly better product than competitors.
D. all of the above.
E. none of the above.

147. Which of the following is LESS LIKELY to happen as a product moves through the later stages of the product life cycle?

A. Place - move toward selective distribution.
B. Promotion - build selective demand.
C. Price - meet competition.
D. Competitive situation - Heading toward pure competition.
E. Product - Some drop out.

148. Regarding product life cycles, good marketing managers know that:

A. all new brands start off in the market introduction stage.
B. product life cycles can be extended through product improvements.
C. a product must pass through all the product life cycle stages.
D. no strategy planning is needed during the sales decline stage.
E. a firm should use penetration pricing during market introduction, especially if the cycle is expected to move slowly.

149. Concerning the product life cycle:

A. profits and sales begin to decline in the maturity stage.
B. individual products may enter and leave the market at any stage.
C. a successful introduction almost guarantees that the product will remain a success over the life cycle.
D. All of the above are true.
E. None of the above is true.

150. Regarding product life cycles, good marketing managers know that:

A. any new brand must start off in the market introduction stage.
B. any product modification results in a new product life cycle.
C. product life cycles cannot be extended.
D. a firm's product can be withdrawn before its related product life cycle is over.
E. All of the above are true.

151. Which statement is true about products in the decline stage of the product life cycle?

A. Brand managers should phase-out this product as quickly as possible.
B. A declining product may still be profitable for some time and it might be more appropriate to phase-out this product gradually.
C. Customers will always abandon the declining product immediately if an alternative is available.
D. Phasing-out a product at this time is fairly easy and this strategy will cut future losses.
E. None of the above statements are true.

152. Which of the following observations concerning a phase-out strategy is incorrect?

A. If prospects are poor in a product-market, a phase-out strategy may be needed.
B. Phasing out a product may involve some difficult implementation problems.
C. Phase-out is also a strategy, and it must be market-oriented to cut losses.
D. The need for phasing out becomes more obvious as the market maturity stage arrives.
E. It is sometimes better to phase out products gradually.

153. According to the text, a "new product" is one that is:

A. physically changed.
B. unique.
C. new in any way for the company concerned.
D. completely new physically and conceptually.
E. None of the above.

154. According to your text, which of the following is an example of a "new product"?

A. An existing product that has been modified in some way.
B. An existing product for which new uses have been found in other product-markets.
C. A wholly new product idea.
D. An existing product being offered to new markets.
E. All of the above.

155. Regarding what a "new product" is, your text says:

A. a product should be considered "new" if it is new in any way for the company concerned.
B. that the FTC would not call an existing product new, even if it were changed in a functionally significant way.
C. there is no legal limit on how long a product can be called "new."
D. a new product must be totally different before it can be called a "new product."
E. All of the above.

156. According to the FTC, for a producer to call a product "new," the product:

A. must be no more than two months old.
B. must have achieved brand insistence.
C. must be entirely new or changed in a functionally significant or substantial respect.
D. must have been changed in some way during the last year.
E. None of the above is a correct answer.

157. According to the Federal Trade Commission (FTC), a new product:

A. Is only new for twelve months.
B. Is entirely new.
C. Is changed in a functionally different or substantial respect.
D. Is something that is new in any way for the company concerned.
E. Both B and C.

158. Which of the following statements about "new products" is FALSE?

A. In order for it to be advertised as new, there should be a functionally significant change in the product--according to the FTC.
B. A product should be considered "new" by a particular firm if it is new in any way for that company.
C. The FTC considers six months as the maximum time that a product should be called "new."
D. According to the FTC, a product may be called "new" (for example, in advertising) as long as the firm has made at least some minor change in the package or product.
E. A marketing manager should consider a product new if it is aimed at new markets.

159. Seeking to stop declining sales for an established mouthwash, a sales manager suggests that new coloring be added to the product and a major promotion effort be started for the "new" product. The Federal Trade Commission would:

A. be concerned about the possibility of the firm getting a monopoly.
B. allow the company to call the product "new" for only six months.
C. probably not approve of this at all because the product doesn't meet the FTC's definition of "new."
D. allow the promotion effort if it felt that consumers would think the coloring made it "new."
E. none of the above is true.

160. Sales of a producer's wax paper food-wrap are declining fast. The advertising manager--looking for a way to attract attention to the brand--suggests changing the package somewhat and promoting it as a "new" product. The Federal Trade Commission

A. would allow the company to call the product "new" for only six months.
B. probably would not approve of this at all.
C. would allow the advertising campaign if it concluded that consumers thought the different package made it new.
D. does not regulate advertising, so it would not pay any attention to this firm.
E. None of the above is true.

161. Which of the following is a common cause of new product failures?

A. The product fails to offer the customer a unique benefit.
B. The company tries to follow an organized new-product development process--rather than using a faster and more spontaneous, "race-to-market" approach.
C. The managers worry too much about the competition.
D. The company delays putting the product on the market until it has developed a complete marketing plan.
E. All of the above.

162. Which of the following gives the correct order of the steps in the new-product development process?

A. Screening, idea generation, idea evaluation, development, commercialization
B. Idea generation, screening, idea evaluation, development, commercialization
C. Idea generation, idea evaluation, development, screening, commercialization
D. Development, idea generation, screening, commercialization, idea evaluation
E. Commercialization, idea generation, idea evaluation, screening, development

163. The last step in the new-product development process is:

A. idea generation.
B. commercialization.
C. idea evaluation.
D. development.
E. screening.

164. Which of the following is NOT a separate stage of the new-product development process?

A. Idea generation.
B. Screening.
C. Idea evaluation.
D. Marketing Research.
E. Commercialization.

165. The new-product development process discussed in the text

A. is based on the idea that a firm should eliminate potentially unprofitable product ideas as early as possible.
B. seeks to take as many ideas to market as possible, hoping to find a breakthrough opportunity.
C. relies solely on test marketing to decide whether to drop an idea or take it to market.
D. is especially important since it increases the number of new product ideas that get to the commercialization stage.
E. None of the above is true.

166. An ROI estimate is needed during the _____ step of the new-product development process.

A. commercialization
B. development
C. idea evaluation
D. screening
E. All of the above.

167. In the idea generation stage of the new-product development process:

A. Bad ideas should be discarded as soon as possible.
B. Using competitors as a source of ideas should be avoided.
C. Firms need a continuous flow of ideas.
D. Analysis of consumer complaints about current products is unlikely to generate any new ideas.
E. None of the above.

168. When looking for new product ideas, which of the following would be good sources?

A. your salespeople.
B. your intermediaries.
C. your competitors.
D. your production people.
E. all of the above.

169. If you are seeking new product ideas for your business, a good source is:

A. Intermediaries
B. Customers
C. Your production people
D. Your salespeople
E. All of the above.

170. Which of the following is an effective source of ideas at the idea generation stage of the new-product development process?

A. customer complaints.
B. lead-users of the product.
C. competitors' products.
D. products found in overseas markets.
E. all of the above.

171. Ideas about potential new products should

A. be encouraged from any and all sources, since only a few ideas will develop into successful products.
B. not be eliminated from consideration until they have been tested in the commercialization stage.
C. come primarily from employees of the firm--so that time won't be wasted evaluating product ideas that are inconsistent with the firm's objectives and resources.
D. come from outside the firm, since studies show that really new ideas require a fresh perspective.
E. None of the above is correct.

172. In the idea generation stage of the new-product development process

A. many new ideas in business markets come from competitors.
B. customers are given new products to test.
C. a S.W.O.T. analysis helps evaluate new product ideas.
D. a firm decides which ideas to pursue based on return on investment screening.
E. final ROI estimates are done.

173. Regarding the idea generation stage of the new-product development process, which of the following is TRUE?

A. Business firms often get new product ideas from competitors.
B. It is best to focus on only a few good ideas at this stage.
C. Studying customers' ideas is not very helpful, since they tend to focus on minor technical changes in existing products.
D. Most companies don't need a special procedure for seeking new product ideas because so many ideas are coming from so many different sources.
E. None of the above is true.

174. New-product specialists at Whirlpool buy washing machines made by other firms and take them apart to look for new ideas. This is called

A. reverse engineering.
B. positioning.
C. S.W.O.T. analysis.
D. concept testing.
E. clustering.

175. In the _____ step of the new-product development process, a marketing manager evaluates how well the idea fits with the company's objectives.

A. idea generation
B. commercialization
C. screening
D. development
E. roll out

176. Wujin Chu, marketing manager for Innovative Electronics Products, reviews a S.W.O.T. analysis to help him evaluate four new product ideas his company is currently considering. Chu is operating in the ____ step of the new-product development process.

A. idea evaluation
B. development
C. commercialization
D. screening
E. idea generation

177. Pressure from consumer groups is encouraging some producers to develop more _____ products.

A. deficient.
B. desirable.
C. acceptable.
D. pleasing.
E. salutary.

178. From a "social responsibility" viewpoint, marketers should try to design and sell:

A. deficient products.
B. salutary products.
C. pleasing products.
D. desirable products.

179. High immediate satisfaction and high long-run consumer welfare is provided by:

A. salutary products.
B. pleasing products.
C. desirable products.
D. deficient products.

180. Which of the following provides high immediate satisfaction and high long-run consumer welfare?

A. Salutary products
B. Deficient products
C. Desirable products
D. Pleasing products

181. This type of a new-product idea is high on both long-run consumer welfare and immediate satisfaction.

A. Desirable product
B. Salutary product
C. Pleasing product
D. Deficient product
E. Safety product

182. Many small cars get better gas mileage than the old "gas-guzzlers." This was achieved by using lighter (and less protective) materials. Using less gas while being less safe makes such a car a:

A. desirable product.
B. salutary product.
C. pleasing product.
D. deficient product.
E. There is not enough information to tell.

183. Many people like to drive motorcycles. But motorcycles have a high death rate in even minor accidents. These motorcycles should probably be thought of as

A. desirable products.
B. pleasing products.
C. salutary products.
D. deficient products.
E. There is not enough information to tell.

184. A drug company has developed a new diet pill that helps people lose weight easily. Research shows a high level of immediate consumer satisfaction. However, their effect on long-term consumer welfare is low because they permanently increase the consumer's blood pressure. In this (hypothetical) situation, the product should be thought of as a

A. desirable product.
B. pleasing product.
C. salutary product.
D. deficient product.
E. There is not enough information to tell.

185. Low long-run consumer welfare but high immediate satisfaction is provided by:

A. deficient products.
B. pleasing products.
C. desirable products.
D. salutary products.

186. Which of the following provides high immediate satisfaction but low long-run consumer welfare?

A. Pleasing products
B. Salutary products
C. Deficient products
D. Desirable products

187. In screening new product ideas, Willie Baker came upon an idea for a new mountain bike that struck him as relatively dangerous and potentially harmful to consumer welfare. However, he thought it would provide very high immediate customer satisfaction. Such a product would be considered a

A. pleasing product.
B. deficient product.
C. star product.
D. salutary product.
E. desirable product.

188. A product idea that provides a high degree of immediate satisfaction but a low degree of long-run consumer welfare is a:

A. Desirable product.
B. Pleasing product.
C. Salutary product.
D. Deficient product.
E. High-growth product.

189. Low immediate satisfaction but high long-run consumer welfare is provided by:

A. salutary products.
B. desirable products.
C. deficient products.
D. pleasing products.

190. Which of the following provides low immediate satisfaction but high long-run consumer welfare?

A. Pleasing products
B. Desirable products
C. Deficient products
D. Salutary products

191. Even though safety helmets offer protection while riding a bike, many Americans don't use them because they are uncomfortable or restricting. For all these people, safety helmets are a:

A. pleasing product.
B. salutary product.
C. deficient product.
D. desirable product.
E. There is not enough information to tell.

192. Which of the following types of products provide low immediate satisfaction but high long-run consumer welfare?

A. Salutary products
B. Pleasing products
C. Desirable products
D. Deficient products
E. Generic products

193. Product ideas that provide a low degree of immediate satisfaction but a high degree of long-run consumer welfare are

A. desirable products.
B. salutary products.
C. pleasing products.
D. deficient products.
E. unsought products.

194. Which of the following provides low immediate satisfaction and low long-run consumer welfare?

A. Pleasing products
B. Deficient products
C. Desirable products
D. Salutary products

195. Low immediate satisfaction and low long-run consumer welfare is provided by:

A. pleasing products.
B. salutary products.
C. deficient products.
D. desirable products.

196. The Consumer Product Safety Commission can:

A. back up its orders with jail sentences.
B. set safety standards for products.
C. back up its orders with fines.
D. order return of "unsafe products."
E. All of the above.

197. The Consumer Product Safety Commission can:

A. order costly repairs of "unsafe products."
B. back up its orders with fines.
C. order returns of "unsafe products."
D. back up its orders with jail sentences.
E. All of the above are true.

198. The Consumer Product Safety Commission can:

A. order costly repairs of "unsafe products."
B. back up its orders with fines or jail sentences.
C. set safety standards for products.
D. All of the above.
E. Both A and C--but NOT B.

199. The Consumer Product Safety Commission

A. sets safety standards for new products, but has little power until after a consumer accident occurs.
B. must approve every new product (including foods and drugs) before it can be sold.
C. provides product liability insurance.
D. can order costly returns of products it considers unsafe.
E. has very little power.

200. Passage of the Consumer Product Safety Act means that:

A. some businesspeople may go to jail if they offer unsafe products.
B. consumers will be more willing to pay for safer products in the future.
C. product-related injuries will be eliminated in the future.
D. producers are no longer liable for an injury if it is the consumer's fault.
E. All of the above.

201. Which of the following is NOT within the power of the Consumer Product Safety Commission?

A. It can set safety standards for products.
B. It can order repairs of unsafe products.
C. It can order returns of unsafe products.
D. It can back up its orders with fines and jail sentences.
E. It can conduct random searches for unsafe products in consumers' homes.

202. The legal obligation of sellers to pay damages to individuals who are injured by defective or unsafely designed products is called:

A. product responsibility.
B. breach of warranty.
C. rule of reason.
D. product liability.
E. design enforcement.

203. The legal obligation of sellers to pay damages to individuals who are injured by defective or unsafely designed products is called:

A. breach of warranty.
B. product liability.
C. deficit accountability.
D. the rule of reason.
E. salutary responsibility.

204. Which of the following is true of product liability?

A. Product liability is a consideration, but it's not important until the development stage of the new-product development process.
B. Relative to most other countries, U.S. courts enforce a very strict product liability standard.
C. Sellers are usually not held responsible for injuries related to their products especially when the items are well designed.
D. None of the above is true.

205. Because of _____, a court rules that a fast-food restaurant has a legal obligation to pay damages to a family whose child was injured when it swallowed an unsafe toy that came in a kids' meal box.

A. consumer compensation
B. product liability
C. consumer protection
D. product quality assurance
E. pleasing products

206. In the idea evaluation stage

A. an actual product is developed.
B. companies cannot estimate likely costs.
C. concept testing is used for getting reactions from customers.
D. there is some engineering to design and develop the physical part of a product.
E. the final ROI is estimated.

207. Getting reactions from customers about how well a new-product idea fits their needs is

A. concept testing.
B. target marketing.
C. screening.
D. brand positioning.
E. product liability.

208. Concept testing:

A. takes place during the screening step of the new-product development process.
B. involves usage tests by potential customers.
C. seeks potential customers' reactions and attitudes toward new product ideas--before actual models are developed.
D. is the last step before commercialization of a new product idea.
E. Both A and D.

209. National Family Opinion (NFO) contacts several hundred members of its consumer panel and provides them with a printed description of a new chewing gum and its package. Consumers are then given a survey containing several multiple-choice questions about their attitudes toward the new product, based on what they read in the description. The final survey question asks consumers to indicate the likelihood that they would purchase the product. NFO seems to be conducting a:

A. Market test.
B. Concept test.
C. Prototype test.
D. Sensitivity test.
E. Attitude test.

210. Which of the following statements about the idea evaluation step is FALSE?

A. Companies can often estimate likely costs, revenue, and profitability at this stage.
B. Product planners can compare the cost advantages and limitations of a new product with those currently being used.
C. Product tests with customers are used to revise the early versions of the product.
D. This step should gather enough information to help decide whether there is an opportunity.
E. None of the above is false.

211. The _____ step in the new-product development process could involve R&D and engineering to design and build the physical part of the product.

A. screening
B. idea evaluation
C. roll out
D. commercialization
E. development

212. Regarding new-product development, market tests:

A. are used mostly for durable products because of their high production costs and risks.
B. seek customer reactions to ideas--not actual products.
C. should test the product and specific marketing mix variables.
D. are costly, but not testing can be even more expensive.
E. Both C and D.

213. Full-scale market tests:

A. Are unrealistic because they do not test the whole marketing mix.
B. Are not expensive.
C. Should always be skipped if management is sure that it understands consumer preferences.
D. May provide information to competitors.
E. Are used mostly for products that have high production costs and long lead times.

214. Kelly Drake, marketing manager for Find-Ur-Way global positioning systems, is testing the marketing mix for one of her company's new products. The product was introduced in two different markets with different prices and packages. This suggests the new product was in the _____ step of the new-product development process.

A. commercialization
B. idea evaluation
C. screening
D. development
E. idea generation

215. Which of the following statements about the commercialization stage of the new-product development process is False?

A. A firm should always rollout the product to the entire target market at one time.
B. Channels of distribution need to be filled with goods.
C. Introductory promotion tends to be more costly if the firm is entering a very competitive market.
D. People need to be hired and trained to provide services.
E. All of the above statements are false.

216. Gradual "rollouts" are characteristic of which step of the new-product development process?

A. Idea generation
B. Development
C. Idea screening
D. Idea evaluation
E. Commercialization

217. A "roll out" happens in the ____ step of the new-product development process?

A. idea generation
B. idea evaluation
C. screening
D. development
E. commercialization

218. Regarding the new-product development process:

A. the hypothesis tested is that the new product idea will not be profitable.
B. a gradual "roll-out" of the product--region by region--allows for more market testing.
C. concept tests are done before any physical models are produced.
D. likely ROI should be estimated throughout the process to force the new idea to prove itself.
E. All of the above are true.

219. Which of the following activities is NOT typical of the commercialization stage?

A. Goods have to be produced to fill the channels of distribution.
B. People must be hired and trained to provide services.
C. Manufacturing or service facilities have to be set up.
D. Full-scale market testing is conducted.
E. Products are introduced city by city or region by region in a gradual "rollout."

220. The new-product development process

A. should have ongoing support from top management.
B. should avoid applying quantitative screening criteria--since applying such criteria tends to eliminate most of the "really new" ideas.
C. should be informal--to encourage creativity.
D. should start whenever the majority of current products are in the market maturity stage of the product life cycle.
E. All of the above are correct.

221. Which of the following statements about organizing for new-product development is TRUE?

A. New-product development departments or committees usually cause delays and should be avoided.
B. Few new-product ideas fail when product managers control the new-product development process.
C. The specific organization arrangement may not be too important--as long as there is top-level support.
D. Marketing managers should control new-product development.
E. All of the above are true.

222. Chris Carmine manages specific products and promotion at Bright-n-Shiny Toothbrush Company. Her job responsibility sounds like that of a _____.

A. brand manager
B. project coordinator
C. channel manager
D. sales representative
E. marketing research manager

223. Product managers:

A. Are especially common in large companies.
B. Are sometimes responsible for a product's whole marketing effort.
C. Coordinate their efforts with individuals within and outside the company.
D. May serve as "product champions" in planning and implementing the promotion effort.
E. All of the above.

224. The job of product or brand manager is often created when a firm:

A. has many different kinds of products or brands.
B. wants to eliminate the job of the research and development department.
C. wants to eliminate the job of sales manager.
D. wants each product or brand to have a "champion."
E. Both A and D.

225. Product or brand managers are commonly used when a firm:

A. has several different kinds of products or brands.
B. wants to eliminate the job of the advertising manager.
C. has one or a few products--all of which are important to its success.
D. wants to eliminate the job of sales manager.
E. wants one person to have authority over all the functional areas that affect the profitability of a particular product.

226. At one time most firms assumed defects were an inevitable part of mass production. _____ firms showed that this assumption was not valid.

A. Chinese
B. American
C. European
D. Japanese
E. Latin American

227. The big cost of poor quality is the cost of

A. replacing defective parts.
B. lost customers.
C. recalling defective goods.
D. rework and training.
E. induction training.

228. A marketing manager might use the total quality management approach to:

A. reduce defects in goods produced in factories.
B. train better salespeople.
C. improve customer service.
D. make delivery schedules more reliable.
E. all of the above.

229. Which of the following statements about total quality management (TQM) is False?

A. Before widespread adoption of TQM, most firms assumed that production defects were an inevitable part of mass production.
B. Japanese producers of cars, electronics and cameras showed that production defects were not inevitable.
C. From a TQM perspective, the cost of lost customers is a minor consequence of poor quality.
D. From a customer's point of view, getting a defective product and having to complain about it is inconvenient.
E. TQM methods have been applied to implementation problems other than manufacturing.

230. Total quality management:

A. requires that everyone in the organization be concerned with improving quality.
B. means more than just using statistical controls to reduce manufacturing defects.
C. views the cost of lost customers as an important result of quality problems.
D. applies to service producers as well as manufacturers.
E. all of the above are correct.

231. ____ refers to a commitment to constantly make things better one step at a time.

A. Just-In-Time
B. Ladder approach
C. Continuous improvement
D. Production focus
E. Sales orientation

232. In continuous improvement, the place to start is to clearly define "defects" in the implementation process, from the _____ point of view.

A. customer's
B. marketer's
C. management's
D. regulator's
E. researcher's

233. Managers who use the TQM approach think of quality improvement as a _____ process.

A. branching
B. netting
C. sorting
D. averaging
E. benchmarking

234. A Pareto chart:

A. Is a chart showing the frequency of occurrence of problems.
B. Is usually ordered from the least frequent to most frequent.
C. Focuses a manager's attention on solving the smallest problems first.
D. All of the above.
E. A and C only.

235. _____ is a graph that shows the number of times a problem cause occurs, with problem causes ordered from most frequent to least frequent.

A. Pareto chart
B. Fishbone diagram
C. SWOT output
D. Waterfall chart
E. Pie chart

236. Which of the following observations concerning a Pareto chart is TRUE?

A. It shows the number of times a problem cause occurs.
B. It shows how problem causes are ordered from most frequent to least frequent.
C. It shows the frequency of different complaints.
D. It focuses the manager's attention on which implementation problem to fix first.
E. All of the above.

237. Rita Scavone manages a pizza restaurant. She spends a night reviewing customer comments and sorting them on what went right and what went wrong. Rita is following a principle of

A. total quality management.
B. fishbone diagramming.
C. complaint management.
D. franchisee analysis.
E. ignoring small problems.

238. Jack Johnson uses a Pareto chart to identify the frequency of different complaints from his customers. After identifying the biggest problem, he may create a _____ to solve it.

A. demographic report
B. waterfall chart
C. fishbone diagram
D. competitor profile
E. pie chart

239. After a problem has been identified, a fishbone diagram helps managers solve the problem by:

A. identifying how customer satisfaction can be improved.
B. creating a visual aid of why things go wrong.
C. organizing cause-and-effect relationships.
D. all of the above.
E. none of the above.

240. A _____ is a visual aid that helps organize cause-and-effect relationships for "things gone wrong."

A. Pareto chart
B. fishbone diagram
C. SWOT output
D. waterfall chart
E. pie chart

241. A visual aid that helps organize cause-and-effect relationships for things gone wrong in implementation is a:

A. Pareto chart.
B. Fishbone diagram.
C. Continuous improvement chart.
D. TQM chart.
E. Frequency diagram.

242. All of the following observations are true of a fishbone diagram except

A. it helps organize cause-and-effect relationships for "things gone wrong."
B. it helps figure out why things go wrong.
C. it is a visual aid.
D. it is used to identify the frequency of different problems.
E. it helps summarize the various causes of a problem.

243. It is difficult to maintain consistent quality in services because

A. services are nonperishable.
B. as opposed to products, services are tangible in nature.
C. the server is inseparable from the service.
D. variability is reduced as more humans are involved in delivery.
E. it requires minimum human interaction.

244. Two keys to improving how people implement quality service are:

A. training and empowerment.
B. JIT delivery and supply chain management.
C. appraisals and rewards.
D. monitoring and control.
E. positive and negative reinforcement.

245. _____ means giving employees the authority to correct a problem without first checking with management.

A. Responsibility adjustment
B. Empowerment
C. Training
D. Induction
E. Benchmarking

246. When building quality into services, managers should:

A. Not worry about training because people will learn by experience.
B. Spend all of their time watching employees to make sure that they do things right every time.
C. Require employees to check with managers before attempting to correct any problem.
D. Empower employees by giving them the authority to satisfy customers' needs without always checking with a supervisor.
E. None of the above.

247. Using total quality management to improve the implementation of a marketing plan is likely to include:

A. the use of Pareto charts as a visual aid to determine why things go wrong.
B. the use of fishbone diagrams to show which problems are most important.
C. an emphasis on physical products over service products.
D. training and empowerment of employees to identify and solve customer problems.
E. all of the above are correct.

248. Building quality into services:

A. can be easily accomplished by spending more.
B. can be accomplished without top-level support because it is such a simple idea.
C. is not necessary unless the service is guaranteed.
D. can be easily accomplished with surprise quality inspections.
E. can be improved by giving employees the authority to correct a problem on their own.

Use this information for questions that refer to the Wire Products Inc. (WPI) case.

Rob Rose sat back to review the portfolio of products his company, Wire Products Inc. (WPI), has in its product line. The company specializes in making various products for consumer and industrial uses from hard laminated wire -- coated with special paints.

1) WPI's "Wire Closet" products have been on the market for 10 years. Consumers install the wire shelves and closet rods themselves. The market leader, Closetmaid, has been selling similar products for more than 20 years, but so far the sales volume and profits for the market continue to grow. Recently, several new competitors have come into the market.

2) Three months ago, WPI entered the lawn and garden market with folding fences made with laminated wire and branded as "Wire Fold-Fence." Previously, WPI had never made fences or been in lawn and garden - although other companies have been making products in this market for years. However, Rob Rose has discovered that recent sales of wire garden fencing have leveled off and profits are declining overall. Still, WPI thinks it has some cost advantages and can grow its own sales and profits in this market.

3) WPI has just developed "Oil Wire," a new concept for the environmental cleanup market. Oil Wire is coated with a special material that cleans up oil spills. There has never been a product like this and WPI wants to quickly get the word out about its benefits. The product is now being rolled out in selective markets.

4) Another business product is "Wire Locker" used for secure storage by gymnasiums or companies. This style of locker has now gone out of fashion and most customers are finding better materials to use for lockers. Aggressive selling has helped Wire Locker's sales stay flat, but the total market for wire style lockers is only half of what it was 10 years ago.

5) WPI's "Wire Window" product is used as a security product to protect glass windows. It sells to homeowners and retailers looking for additional safety. WPI's sales of this product have dropped in recent years because competitors have introduced maintenance-free products. However, the overall market for this type of product continues to show good growth.

6) WPI is running concept tests of a new wire car-top carrier called "Wire Car Top." There are other car-top carrier products on the market, but WPI plans to include options in its carrier that will make it easier to load bikes, skis, and suitcases. "Wire Car Top" is also very easy to put on and take off of the car because of its light weight and ease-of-use features. The concept tests are helping WPI analysts develop rough estimates of costs, sales, and profits.

7) Another new product idea, tentatively called "Wire Tent," is being considered. It would use laminated wires to create a portable tent frame. This product is currently being evaluated to determine its fit with the company's objectives and external market trends.

Rob is thinking about the product life cycle, where each product fits, and what he should be doing as part of his marketing plan for each of these products.

249. In which stage of the product life cycle is "Wire Locker"?

A. Market introduction
B. Sales decline
C. Market development
D. Market growth
E. Market maturity

250. In which stage of the product life cycle is "Wire Window"?

A. Market maturity
B. Market development
C. Sales decline
D. Market Growth
E. Market introduction

251. In which stage of the product life cycle is "Wire Closet"?

A. Market development
B. Sales decline
C. Market maturity
D. Market introduction
E. Market growth

252. In which stage of the product life cycle is "Oil Wire"?

A. Market introduction
B. Sales decline
C. Market growth
D. Market maturity
E. Market development

253. In which stage of the product life cycle is "Wire Fold-Fence"?

A. Sales decline
B. Market introduction
C. Market maturity
D. Market growth
E. Market development

254. For which product does WPI need to build primary demand?

A. Wire Closet
B. Wire Fold-Fence
C. Oil Wire
D. Wire Window
E. Wire Locker

255. For which product is it most critical for WPI to build brand familiarity?

A. Wire Closet
B. Wire Window
C. Wire Locker
D. Wire Tent
E. It is equally important for each of these products

256. Based on the text's recommendations for different stages in the product life cycle, for which product does WPI most need to consider developing different markets?

A. Wire Window
B. Oil Wire
C. Wire Closet
D. It would be equally important to develop new markets for all of these products.

257. According to the definition in your text, which of WPI's products can be called a new product?

A. Wire Closet
B. Wire Locker
C. Wire Fold-Fence
D. Wire Window
E. None of these products fits the definition of a new product

258. In which step of the new-product development process is "Oil Wire"?

A. Screening
B. Development
C. Idea evaluation
D. Commercialization
E. Idea generation

259. In which step of the new-product development process is the "Wire Car Top"?

A. Commercialization
B. Idea evaluation
C. Idea generation
D. Screening
E. Development

260. In which step of the new-product development process is the "Wire Tent"?

A. Screening
B. Development
C. Idea evaluation
D. Idea generation
E. Commercialization

261. Among the types of new product opportunities, "Wire Car Top" is best thought of as a:

A. Desirable product
B. Pleasing product
C. Deficient product
D. Salutary product

262. Is it a good idea for a company like WPI to have several product managers?

A. No, because the company has several different product categories.
B. Yes, because the company would want to eliminate the job of advertising manager.
C. Yes, because the company has several different product categories.
D. No, because the company would need someone to give direction to the advertising manager.

ch9 Key

1. *(p. 221)* The product life cycle concept is concerned with planning for product recycling to protect the environment.

FALSE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #1
Question Type: Definition
Self-Test: No

2. *(p. 221)* The product life cycle describes the stages a really new product idea goes through from beginning to end.

TRUE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #2
Question Type: Definition
Self-Test: No

3. *(p. 221)* The product life cycle is the four stages a new product idea goes through from beginning to end.

TRUE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #3
Question Type: Definition
Self-Test: No

4. *(p. 221)* Market introduction, market growth, market maturity, and sales decline are the four stages of the product life cycle.

TRUE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #4
Question Type: Definition
Self-Test: No

5. During the various stages of the product life cycle, the attitudes and needs of target customers do not change.
(p. 221)

FALSE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #5
Question Type: Definition
Self-Test: No

6. Sales and profits generally decrease continually throughout the product life cycle.
(p. 221)

FALSE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #6
Question Type: Definition
Self-Test: No

7. Sales and profits usually move together over time during the product life cycle.
(p. 221)

FALSE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 09 #7
Question Type: Comprehension
Self-Test: No

8. In the market introduction stage, sales are low as a new idea is first introduced to a market.
(p. 221)

TRUE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #8
Question Type: Comprehension
Self-Test: No

9. The market introduction stage of the product life cycle is usually marked by losses, as money is being invested in the hope of future profits.
(p. 222)

TRUE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #9
Question Type: Definition
Self-Test: No

10. In the market growth stage of the product life cycle, firms usually earn smaller profits than they did in the market introduction stage because new competitors enter the market.
(p. 222)

FALSE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #10
Question Type: Definition
Self-Test: No

11. During the market growth stage of the product life cycle, industry profits usually reach their peak and begin to decline.
(p. 222)

TRUE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #11
Question Type: Definition
Self-Test: No

12. The market maturity stage of the product life cycle has very low promotion expenditures, little price competition, and rising industry profits.
(p. 223)

FALSE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #12
Question Type: Definition
Self-Test: No

13. Industry profits usually decline steadily during the market maturity stage of the product life cycle.
(p. 223)

TRUE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #13
Question Type: Definition
Self-Test: No

14. The market maturity stage of the product life cycle rarely lasts more than one or two months.
(p. 223)

FALSE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #14
Question Type: Definition
Self-Test: No

15. During the sales decline stage of the product life cycle, no firm can earn a profit.
(p. 223)

FALSE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #15
Question Type: Definition
Self-Test: No

16. It is still possible for a firm to earn a profit if it operates in the sales decline stage of the product life cycle.
(p. 223)

TRUE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #16
Question Type: Comprehension
Self-Test: No

17. Product life cycles describe industry sales and profits within a particular product-market, and not the sales and profits of individual brands.
(p. 223)

TRUE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #17
Question Type: Definition
Self-Test: No

18. The sales and profits of an individual brand always follow the life-cycle pattern.
(p. 223)

FALSE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 09 #18
Question Type: Comprehension
Self-Test: No

19. The product life cycle shows that sales of an individual firm's brand follows a general pattern--which is very useful for marketing strategy planning.
(p. 223)

FALSE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #19
Question Type: Definition
Self-Test: No

20. *(p. 223)* The sales and profits of an individual brand may or may not follow the life cycle pattern of the product idea.

TRUE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #20
Question Type: Definition
Self-Test: No

21. *(p. 224)* A product idea may be in different life-cycle stages in different markets.

TRUE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #21
Question Type: Definition
Self-Test: No

22. *(p. 224)* A firm may introduce or withdraw a product during any stage of the product life cycle.

TRUE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #22
Question Type: Definition
Self-Test: No

23. *(p. 224)* It is possible for a firm with a mature product in the U.S. to experience new growth with the same product in international markets.

TRUE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #23
Question Type: Definition
Self-Test: No

24. *(p. 224)* To fully understand the nature of competition and the speed of the relevant product life cycle, it is important not to define a market too narrowly.

TRUE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #24
Question Type: Definition
Self-Test: No

25. The more narrowly we define a product-market, the shorter the product life cycle because improved product ideas come along to replace the old.
(p. 224)

TRUE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #25
Question Type: Definition
Self-Test: No

26. It is easy for marketing managers to predict how long a product or brand will stay in each stage of the product life cycle.
(p. 224)

FALSE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #26
Question Type: Comprehension
Self-Test: No

27. The length of each stage in the product life cycle is set.
(p. 224)

FALSE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #27
Question Type: Definition
Self-Test: No

28. The product life-cycle concept tells a manager how long each stage of the cycle will last.
(p. 224)

FALSE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #28
Question Type: Definition
Self-Test: No

29. The smaller the comparative advantage of a new product over those already on the market, the faster its sales will grow.
(p. 225)

FALSE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #29
Question Type: Definition
Self-Test: No

30. Sales growth is faster when a new product is easy to use and its advantages are easy to communicate.
(p. 225)

TRUE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #30
Question Type: Definition
Self-Test: No

31. Sales growth is faster when the product can be used on a trial basis.
(p. 225)

TRUE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #31
Question Type: Definition
Self-Test: No

32. Sales growth is usually faster when the product is incompatible with the past values and experience of the target market.
(p. 225)

FALSE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #32
Question Type: Definition
Self-Test: No

33. In general, product life cycles appear to be getting longer in recent years.
(p. 225)

FALSE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #33
Question Type: Definition
Self-Test: No

34. Firms should try to develop marketing mixes that make the most of the market growth stage of the product life cycle--when profits are highest.
(p. 225)

TRUE

AACSB: 3 Analytical skills; 9 Value creation
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #34
Question Type: Definition
Self-Test: No

35. The stage of the product life cycle in which competitors are most likely to introduce product improvements is the market growth stage.
(p. 225)

TRUE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #35
Question Type: Definition
Self-Test: No

36. Fashion-related products tend to have short life cycles.
(p. 226)

TRUE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #36
Question Type: Comprehension
Self-Test: No

37. A fad is an idea that is fashionable only to certain groups who are enthusiastic about it.
(p. 227)

TRUE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #37
Question Type: Definition
Self-Test: No

38. Fad products are characterized by popular styles and they appeal to the mass market.
(p. 227)

FALSE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #38
Question Type: Comprehension
Self-Test: No

39. A fad cycle is shorter than a fashion cycle.
(p. 227)

TRUE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #39
Question Type: Definition
Self-Test: No

40. The probable length of the product life cycle has little effect on strategy planning.
(p. 227)

FALSE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #40
Question Type: Definition
Self-Test: No

41. Marketing strategy planning for a product depends on where the product is in its life cycle and how fast it is moving to the next stage.
(p. 227)

TRUE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #41
Question Type: Definition
Self-Test: No

42. When introducing a really new product, the marketer should be concerned about building channels of distribution, but not about promotion.
(p. 228)

FALSE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #42
Question Type: Definition
Self-Test: No

43. How quickly a new product will be accepted by customers and how quickly competitors will follow with their own version of a product are important factors when planning the best strategy for a new product.
(p. 228)

TRUE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #43
Question Type: Definition
Self-Test: No

44. It is always in the best interest of the market pioneer for competitors to stay out of the market.
(p. 228)

FALSE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 09 #44
Question Type: Comprehension
Self-Test: No

45. When a firm's product has won loyal customers, it can be successful for a long time—even in a mature or declining market.
(p. 229)

TRUE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #45
Question Type: Comprehension
Self-Test: No

46. The strategies for all stages of the product life cycle should be growth strategies.
(p. 230)

FALSE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #46
Question Type: Definition
Self-Test: No

47. If the prospects in some product-market are poor, a firm may need a "phase out" strategy.
(p. 230)

TRUE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #47
Question Type: Definition
Self-Test: No

48. A product that is new in any way for the company concerned is a new product, according to the text.
(p. 231)

TRUE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 09 #48
Question Type: Definition
Self-Test: No

49. Variations on an existing product idea can make a product new.
(p. 231)

TRUE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 09 #49
Question Type: Comprehension
Self-Test: No

50. To be called "new" according to the FTC, a product must be entirely new or changed in a functionally significant or substantial respect.
(p. 231)

TRUE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 09 #50
Question Type: Definition
Self-Test: No

51. The FTC places no restriction on the length of time a product can be called "new."
(p. 231)

FALSE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 09 #51
Question Type: Definition
Self-Test: No

52. The risks and costs of failure in new-product development are minor when one considers the likely rewards.
(p. 231)

FALSE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 09 #52
Question Type: Definition
Self-Test: No

53. Experts estimate that 80-95 percent of all new consumer packaged goods brands fail.
(p. 231)

TRUE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 09 #53
Question Type: Definition
Self-Test: No

54. A new-product development process helps make sure that new ideas for products are carefully studied and good ideas are marketed profitably.
(p. 232)

TRUE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 09 #54
Question Type: Definition
Self-Test: No

55. In the new-product development process discussed in the text, the burden is on the new-product idea to prove itself or be rejected.
(p. 232)

TRUE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 09 #55
Question Type: Definition
Self-Test: No

56. The first step in new-product development is evaluating ideas.
(p. 232)

FALSE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 09 #56
Question Type: Definition
Self-Test: No

57. A "deficient" product is one which provides low immediate satisfaction and low long-run welfare for consumers.
(p. 234)

TRUE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 09 #57
Question Type: Definition
Self-Test: No

58. When planning new products, managers need not be too concerned about safe design because it is each consumer's responsibility to decide what products are safe to buy and use.
(p. 234)

FALSE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 09 #58
Question Type: Definition
Self-Test: No

59. If an individual is injured by a defective or unsafely designed product, the seller's legal obligation to pay damages is called product liability.
(p. 235)

TRUE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 09 #59
Question Type: Definition
Self-Test: No

60. Product liability means the legal obligation of sellers to pay damages to individuals who are injured by defective or unsafe products.
(p. 235)

TRUE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 09 #60
Question Type: Definition
Self-Test: No

61. Relative to most other countries, the U.S. has very strict product liability standards.
(p. 235)

TRUE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 09 #61
Question Type: Definition
Self-Test: No

62. Even in a full-scale market test, the firm is testing only the product, not the whole marketing mix.
(p. 236)

FALSE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 09 #62
Question Type: Definition
Self-Test: No

63. Market testing can be risky because it gives information to competitors, but not testing may be even riskier.
(p. 236)

TRUE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 09 #63
Question Type: Definition
Self-Test: No

64. A high percentage of new-product ideas survive to the commercialization step in the new-product development process.
(p. 236)

FALSE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 09 #64
Question Type: Comprehension
Self-Test: No

65. In general, top management support is needed for successful new-product development efforts.
(p. 237)

TRUE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 09 #65
Question Type: Comprehension
Self-Test: No

66. New-product development usually fits into the old routines of a firm, so it is not necessary for top management to support new-product development in any special way.
(p. 237)

FALSE

AACSB: 6. Reflective thinking
Chapter: 9
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 09 #66
Question Type: Definition
Self-Test: No

67. Brand managers manage specific products, often taking over the jobs formerly handled by an advertising manager.
(p. 239)

TRUE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 09 #67
Question Type: Definition
Self-Test: No

68. Product managers or brand managers are most often found in firms with only one or a few related products.
(p. 239)

FALSE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 09 #68
Question Type: Definition
Self-Test: No

69. Product managers are especially common in small, single-product companies.
(p. 239)

FALSE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 5
Perreault - Chapter 09 #69
Question Type: Comprehension
Self-Test: No

70. *(p. 239)* When a large firm has several different kinds of products, product managers or brand managers may be put in charge of each one.

TRUE

AACSB: 2 Ethical reasoning
Chapter: 9
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 09 #70
Question Type: Definition
Self-Test: No

71. *(p. 239)* The total quality management approach recognizes that defects are an inevitable part of mass production, and that the cost of replacing defective goods is just a cost of doing business.

FALSE

AACSB: 10 Org Dynamics
Chapter: 9
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 09 #71
Question Type: Definition
Self-Test: No

72. *(p. 240)* The Japanese success showed that one of the biggest costs of poor quality is lost customers.

TRUE

AACSB: 9 Value creation
Chapter: 9
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 09 #72
Question Type: Definition
Self-Test: No

73. *(p. 240)* The cost of replacing defective parts is the biggest cost of poor quality.

FALSE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 09 #73
Question Type: Definition
Self-Test: No

74. *(p. 240)* With total quality management (TQM), a company's management makes the marketing department solely responsible for quality and customer service.

FALSE

AACSB: 10 Org Dynamics
Chapter: 9
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 09 #74
Question Type: Definition
Self-Test: No

75. Total quality management can be used to improve any implementation effort.
(p. 240)

TRUE

AACSB: 9 Value creation
Chapter: 9
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 09 #75
Question Type: Definition
Self-Test: No

76. "Continuous improvement" means a commitment to constantly make things better—one step at a time.
(p. 240)

TRUE

AACSB: 10 Org Dynamics; 9 Value creation
Chapter: 9
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 09 #76
Question Type: Definition
Self-Test: No

77. In continuous improvement, the place to start is to clearly define "defects" in the implementation process, from the marketer's point of view.
(p. 241)

FALSE

AACSB: 9 Value creation
Chapter: 9
Difficulty: Hard
LearnObj: 6
Perreault - Chapter 09 #77
Question Type: Definition
Self-Test: No

78. A Pareto chart is a visual aid that helps organize cause and effect relationships for "things gone wrong."
(p. 241)

FALSE

AACSB: 14 Specific knowledge
Chapter: 9
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 09 #78
Question Type: Definition
Self-Test: No

79. A fishbone diagram is a graph that shows the number of times a problem cause occurs, with problem causes ordered from most frequent to least frequent.
(p. 242)

FALSE

AACSB: 14 Specific knowledge
Chapter: 9
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 09 #79
Question Type: Definition
Self-Test: No

80. *(p. 242)* Simply showing customer-contact employees around the rest of the business—so that they learn how their contribution fits in the total effort—can be a key part of their training.

TRUE

AACSB: 9 Value creation
Chapter: 9
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 09 #80
Question Type: Application
Self-Test: No

81. *(p. 243)* Total quality management applies when the firm's product is a physical good, but not if it is a service.

FALSE

AACSB: 14 Specific knowledge
Chapter: 9
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 09 #81
Question Type: Definition
Self-Test: No

82. *(p. 243)* The two keys to improving how people implement quality service are: (1) training and (2) more inspectors.

FALSE

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 09 #82
Question Type: Definition
Self-Test: No

83. *(p. 243)* Empowerment means giving employees the authority to correct a problem on their own.

TRUE

AACSB: 9 Value creation
Chapter: 9
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 09 #83
Question Type: Definition
Self-Test: No

84. *(p. 243)* The money spent to improve quality should not only satisfy customers but also justify the cost through improved profit.

TRUE

AACSB: 9 Value creation
Chapter: 9
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 09 #84
Question Type: Definition
Self-Test: No

85. A manager shouldn't worry about making a financial return from money spent on a quality program as long as customers recognize that the quality is high.
(p. 243)

FALSE

AACSB: 11 Analysis for decisions
Chapter: 9
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 09 #85
Question Type: Definition
Self-Test: No

86. The product life cycle has four stages. Which of the following is not one of these?
(p. 221)

A. Market introduction
B. Market growth
C. Market maturity
D. Economic competition
E. Sales decline

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #86
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

87. Which of the following is NOT one of the text's product life cycle stages?
(p. 221)

A. Market maturity
B. Market penetration
C. Market introduction
D. Sales decline
E. Market growth

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #87
Question Type: Definition
Self-Test: No

88. The product life cycle:
(p. 221)

A. Describes the stages a new product idea goes through from beginning to end.
B. Has five major stages.
C. Applies more to individual brands than to categories or types of products.
D. Shows that sales and profits tend to move together over time.
E. All of the above.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #88
Question Type: Comprehension
Self-Test: No

89. As a product moves through its product life cycle:
(p. 221)

A. a firm should change its target market--but not its marketing mix.
B. the competitive situation moves toward monopoly.
C. industry profits keep increasing along with industry sales.
D. customers' needs and attitudes may change.
E. All of the above are true.

AACSB: 6. Reflective thinking
Chapter: 9
Difficulty: Hard
LearnObj: 1
Perreault - Chapter 09 #89
Question Type: Comprehension
Self-Test: No

90. As a product moves through its product life cycle:
(p. 221)

A. industry profits may decrease while industry sales increase.
B. the nature of competition moves toward pure competition or oligopoly.
C. entirely different target markets may be aimed at.
D. customers' attitudes and needs may change.
E. All of the above are true.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 09 #90
Question Type: Comprehension
Self-Test: No

91. Regarding product life cycles, a good marketing manager knows that
(p. 221)

A. entirely different target markets may be involved at different stages of the product life cycle.
B. a product that doesn't get beyond the introduction stage is still likely to be very profitable.
C. industry profits are increasing well after sales start to decline.
D. once a market goes into sales decline, oligopoly conditions set in.
E. All of the above are true.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Hard
LearnObj: 1
Perreault - Chapter 09 #91
Question Type: Comprehension
Self-Test: No

92. The total sales of a product, by all competitors in the industry, is
(p. 221-222)

A. highest in the introduction stage.
B. lowest in the market maturity stage.
C. highest in the sales decline stage.
D. lowest in the market growth stage.
E. lowest in the market introduction stage.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 09 #92
Question Type: Comprehension
Self-Test: No

93. In the market introduction stage of the product life cycle
(p. 222)

A. sales are the highest.
B. most companies experience losses.
C. industry profits rise.
D. industry sales level off.
E. total industry profit is highest.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 09 #93
Question Type: Comprehension
Self-Test: No

94. During the MARKET INTRODUCTION stage of the product life cycle:
(p. 222)

A. large profits are typical--until competition arrives.
B. Price and Promotion are more important than Place and Product.
C. much money is spent on Promotion, while spending on Place is left until later.
D. money is invested--in the hope of FUTURE profits.
E. most customers will try really new products.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 09 #94
Question Type: Comprehension
Self-Test: No

95. During the introduction stage of the product life cycle,
(p. 221-222)

A. "me-too" products quickly take market share away from the innovator.
B. most products achieve intensive distribution.
C. industry profits are at their highest.
D. promotion is likely to be needed to build primary demand.
E. None of the above is true.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #95
Question Type: Self-Test
Self-Test: Self-Test

96. In the _____ stage of the product life cycle, organizations focus on building primary demand.
(p. 221-222)

A. market decline
B. market maturity
C. sales decline
D. market growth
E. market introduction

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 09 #96
Question Type: Comprehension
Self-Test: No

97. During the market introduction stage of the product life cycle:
(p. 222)

A. considerable money is spent on promotion while place development is left until later stages.
B. products usually show large profits if marketers have successfully carved out new markets.
C. most potential customers are quite anxious to try out the new-product concept.
D. funds are being invested in marketing with the expectation of future profits.
E. product and promotion are more important than place and price.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #97
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

98. In which product life cycle stage must companies focus on educating potential customers about the advantages of a new product concept?
(p. 221-222)

A. Market establishment.
B. Market introduction.
C. Market growth.
D. Market maturity.
E. Sales decline.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #98
Question Type: Comprehension
Self-Test: No

99. In which of the following situations is the new product entering the MARKET INTRODUCTION stage of the product life cycle?
(p. 221-222)

A. Porsche just introduced a new luxury sport-ute to compete against sport-utes made by others.
B. Colgate-Palmolive just introduced a "new and improved" chemical formula for its "Total" toothpaste.
C. Home Depot (a home improvement chain) just introduced its own dealer brand of paint.
D. Apple just introduced a computer operating system that is so "user-friendly" it responds to spoken commands.
E. All of the above.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #99
Question Type: Self-Test
Self-Test: Self-Test

100. *(p. 221-222)* Pfizer Corp. is introducing a really new product idea. Pfizer is spending a lot of money to inform potential customers and intermediaries about the availability and advantages of the new product. Although sales are rising slowly, Pfizer doesn't expect the product to become profitable for at least another year. Pfizer's new product is in which stage of the product life cycle?

A. Market introduction
B. Sales decline
C. Market development
D. Market growth
E. Market maturity

AACSB: 6. Reflective thinking
Chapter: 9
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 09 #100
Question Type: Application
Self-Test: No

101. *(p. 222)* Industry profits are largest in which of the following product life cycle stages?

A. market introduction.
B. market growth.
C. market maturity.
D. sales decline.
E. any of the above.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 09 #101
Question Type: Definition
Self-Test: No

102. *(p. 222)* Total industry profits reach their maximum during the _____ stage of the product life cycle.

A. market maturity
B. sales decline
C. market development
D. market introduction
E. market growth

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 09 #102
Question Type: Comprehension
Self-Test: No

103. It is toward the end of the _____ stage of the product life cycle when industry profits begin to decline.
(p. 222)

A. market maturity
B. market introduction
C. market growth
D. sales decline
E. market decline

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 09 #103
Question Type: Comprehension
Self-Test: No

104. In the MARKET GROWTH stage of the product life cycle:
(p. 222)

A. competing products become almost the same in the minds of potential consumers.
B. distribution moves from intensive to selective.
C. many competitors drop out of the market.
D. total industry sales increase very slowly.
E. total industry profits reach their peak and begin to decline.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 09 #104
Question Type: Comprehension
Self-Test: No

105. Regarding product life cycles, good marketing managers know that:
(p. 222)

A. all competitors lose money during the sales decline stage.
B. they are getting longer.
C. industry sales reach their maximum during the market growth stage.
D. firms earn their biggest profits during the market introduction stage.
E. industry profits reach their maximum during the market growth stage.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #105
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

106. Which of the following statements regarding the market growth stage of the product life cycle is FALSE?
(p. 222)

A. Innovators still earn profits--but this stage is less profitable for them than the previous stage.
B. This is the time of peak profitability for the industry.
C. Many competitors enter the market resulting in much product variety.
D. The sales of the total industry are rising fairly rapidly as more and more customers buy.
E. None of the above is a false statement.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #106
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

107. Cargill, Inc. is finally earning a profit on the unique product it introduced six months ago. Cargill's advertising is both informative and persuasive. Much money is being spent on Place development. There is little price competition, although several competitors have come out with reasonable imitations. Total industry sales and profits are both rising. In which stage of the product life cycle is Cargill operating?
(p. 222)

A. Market growth
B. Market introduction
C. Sales decline
D. Market maturity
E. Market development

AACSB: 6. Reflective thinking
Chapter: 9
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 09 #107
Question Type: Application
Self-Test: No

108. Acme Corporation is currently experiencing rising sales for a new product idea it pioneered several months ago. Profits are also increasing, so other competitors are now entering the market with similar products. The competitive situation is changing from monopoly to monopolistic competition. In which stage of the product life cycle is Acme Corporation operating?
(p. 222)

A. Market establishment.
B. Market introduction.
C. Market growth.
D. Market maturity.
E. Sales decline.

AACSB: 6. Reflective thinking
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #108
Question Type: Application
Self-Test: No

109. Identify the INCORRECT statement pertaining to the stages of the product life cycle.
(p. 222)

A. The market introduction stage can be seen as investing in the future.
B. In the market growth stage profits keep rising steadily with no sign of decline.
C. Sales level off and profits continue down in the market maturity stage.
D. The sales decline stage can be seen as a time of replacement.
E. Industry profits go down throughout the market maturity stage.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Hard
LearnObj: 1
Perreault - Chapter 09 #109
Question Type: Comprehension
Self-Test: No

110. Industry sales are highest in which of the following product life cycle stages?
(p. 223)

A. market growth.
B. market development.
C. market maturity.
D. sales decline.
E. market introduction.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #110
Question Type: Definition
Self-Test: No

111. Health Care Products Company has noticed that in one of its product-markets industry sales have leveled off and competition has been getting tougher This product-market appears to be in the ____ stage of the product life cycle.
(p. 223)

A. market maturity
B. market introduction
C. market growth
D. sales decline
E. market decline

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 09 #111
Question Type: Application
Self-Test: No

112. Competition is toughest in which of the following product life cycle stages?
(p. 223)

A. market introduction.
B. market growth.
C. market maturity.
D. market development.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 09 #112
Question Type: Definition
Self-Test: No

113. Marketing managers should recognize that:
(p. 223)

A. product life cycles appear to be getting longer.
B. every segment within a market has the same product life cycle.
C. the product life cycle describes the sales and profits of individual products, not industry sales and profits.
D. firms that enter mature markets have to compete with established firms for declining industry profits.
E. None of the above is a true statement.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #113
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

114. Regarding product life cycle planning, good marketing managers know that:
(p. 223)

A. a "me-too" new brand may immediately enter during market growth or market maturity.
B. every brand must go through the sales decline stage.
C. market introduction is usually profitable for the innovator.
D. any change in an existing product results in a new product life cycle.
E. All of the above are true.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Hard
LearnObj: 1
Perreault - Chapter 09 #114
Question Type: Integrating
Self-Test: No

115. Which of the following observations concerning the market maturity stage is NOT TRUE?
(p. 223)

A. Many aggressive competitors have entered the race for profits.
B. There is a long-run downward pressure on prices.
C. New firms cannot enter the market at this stage.
D. Promotion costs rise and some competitors cut prices to attract business.
E. Persuasive promotion becomes more important during this stage.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 09 #115
Question Type: Comprehension
Self-Test: No

116. During the MARKET MATURITY stage of the product life cycle:
(p. 223)

A. some competitors drop out of the market--and no new firms enter.
B. persuasive promotion becomes more important.
C. promotion emphasizes the advantages of the basic product concept.
D. total industry sales and profits reach their maximum levels.
E. All of the above.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #116
Question Type: Self-Test
Self-Test: Self-Test

117. Regarding product life cycles, which of the following is NOT true?
(p. 223)

A. Industry profits are likely to level off or decline before sales level off.
B. The level of promotion usually decreases in market maturity since there is less revenue to cover the cost.
C. Many close substitutes are usually competing in the market maturity stage.
D. It is usually expensive for a new firm to enter in the market maturity stage.
E. There is a downward pressure on prices over time.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Hard
LearnObj: 1
Perreault - Chapter 09 #117
Question Type: Integrating
Self-Test: No

118. Persuasive promotion is especially important in which of the following product life cycle stages?
(p. 223)

A. market maturity.
B. sales decline.
C. market introduction.
D. market growth.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 09 #118
Question Type: Definition
Self-Test: No

119. An industry's sales have leveled off and profits are declining in oligopolistic competition. Consumers see competing products as "homogeneous." Several firms have dropped out of the industry, but a new one entered recently. Firms in the industry are trying to avoid price-cutting by spending on persuasive advertising. These firms are competing in which stage of the product life cycle?
(p. 223)

A. Market growth
B. Market maturity
C. Market development
D. Market introduction
E. Sales decline

AACSB: 6. Reflective thinking
Chapter: 9
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 09 #119
Question Type: Application
Self-Test: No

120. An industry with oligopolistic competition faces falling profits and its sales growth is slow. Demand for individual brands has become quite elastic--as consumers see competing products as almost homogeneous. Several firms have dropped out. What is the life cycle stage?
(p. 223)

A. Market maturity
B. Sales decline
C. Market growth
D. Market introduction
E. Product renewal

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #120
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

121. Over the past several years, like other auto manufacturers, General Motors (GM) has introduced many new models of sport utility vehicles (SUVs) in all of its major divisions. This proliferation of SUVs and an increase in gasoline prices have caused sales to level off. In response, General Motors offered rebates of up to $5,000, or no-interest financing, on selected models of SUVs. The largest rebates went to current owners of GM vehicles, so that they would replace their current vehicles with a GM model instead of switching to another brand. The rebates have been heavily advertised on national television. Profit margins per vehicle have shrunk as a result of these costly promotions. In what stage of the product life cycle is GM currently operating?
(p. 223)

A. Market establishment.
B. Market introduction.
C. Market growth.
D. Market maturity.
E. Sales decline.

AACSB: 6. Reflective thinking
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #121
Question Type: Application
Self-Test: No

122. During the SALES DECLINE stage of the product life cycle:
(p. 223)

A. firms with strong brands may make profits almost until the end.
B. no profits are earned.
C. price competition usually declines.
D. brand loyalty declines.
E. monopoly is typical.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 09 #122
Question Type: Comprehension
Self-Test: No

123. During the sales decline stage
(p. 223)

A. price competition from dying products is reduced.
B. profits are non-existent.
C. new products replace the old.
D. profits increase and then decrease.
E. none of the above.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 09 #123
Question Type: Comprehension
Self-Test: No

124. Midway, Inc. has seen most of its competitors drop out of its product-market due to declining industry sales and profits. But Midway still has much demand for its product from a small group of loyal customers. This product-market is in which product life cycle stage?
(p. 223)

A. Market introduction
B. Market maturity
C. Market development
D. Market growth
E. Sales decline

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #124
Question Type: Application
Self-Test: No

125. Product life cycles refer to the life of:
(p. 223)

A. a firm's individual product.
B. a product idea.
C. a firm's brand.
D. a fashion.
E. all of the above.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #125
Question Type: Application
Self-Test: No

126. "Product life cycles" are concerned with sales and profits:
(p. 223)

A. in generic markets--not individual product-markets.
B. of a firm's individual products or brands.
C. of goods but not services.
D. in a product-market.
E. Both A and C.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 09 #126
Question Type: Comprehension
Self-Test: No

127. Which of the following observations concerning the product life cycle is NOT TRUE?
(p. 223)

A. Product life cycles describe industry sales and profits for a product idea within a particular product-market.
B. The sales and profits of an individual brand follow the life-cycle pattern.
C. A product idea may be in a different life-cycle stage in different markets.
D. Product life cycles should be related to specific markets.
E. A given firm may introduce or drop a specific product during any stage of the product life cycle.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Hard
LearnObj: 1
Perreault - Chapter 09 #127
Question Type: Comprehension
Self-Test: No

128. Regarding product life cycles, which is TRUE?
(p. 223)

A. Industry sales and profits tend to reach their maximum during the market maturity stage.
B. Product life cycles describe industry sales and profits within some product-market.
C. Product life cycles are generally getting shorter and cannot be extended.
D. Every new brand must pass through all four stages of the product life cycle.
E. All of the above are true.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Hard
LearnObj: 1
Perreault - Chapter 09 #128
Question Type: Integrating
Self-Test: No

129. When thinking about the product life cycle, a good manager knows that:
(p. 224)

A. Sales and profits for individual brands always follow the same life cycle pattern as industry sales and profits.
B. The only stage in which products are introduced is the market introduction stage.
C. All products will eventually earn a profit.
D. A product that is mature in one market may be in the growth stage in another international market.
E. All of the above.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #129
Question Type: Comprehension
Self-Test: No

130. The shape, length, and current stage of a product life cycle may vary depending:
(p. 224)

A. on how the market is defined.
B. on the nature of the competition.
C. on the nature of the products involved.
D. All of the above.
E. None of the above.

AACSB: 6. Reflective thinking
Chapter: 9
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 09 #130
Question Type: Comprehension
Self-Test: No

131. Concerning product life cycles:
(p. 224)

A. each of a producer's individual products follows the life cycle pattern.
B. in the early part of market maturity, new products begin to replace the old.
C. the stages usually have varying lengths.
D. in general, life cycles are getting longer.
E. None of the above is true.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 09 #131
Question Type: Comprehension
Self-Test: No

132. A new product idea is more likely to move quickly through the early stages of the product life cycle when:
(p. 225)

A. the product is easy to use.
B. the product is compatible with the values and experiences of target customers.
C. the product can be given a trial.
D. the product's advantages are easy to communicate.
E. All of the above are correct.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #132
Question Type: Self-Test
Self-Test: Self-Test

133. A new-product idea moves through the early stages of the life cycle more quickly when it has all the following characteristics EXCEPT:
(p. 225)

A. the product is easy to use.
B. the product can be tried on a limited basis, without a lot of risk to the customer.
C. the product has no competitive advantage over those already in the market.
D. the product is compatible with the values and experiences of target customers.
E. the product's advantages are easy to communicate.

AACSB: 6. Reflective thinking
Chapter: 9
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 09 #133
Question Type: Comprehension
Self-Test: No

134. According to the text, product life cycles are:
(p. 225)

A. getting longer.
B. speeding up in the later stages.
C. now about the same length as 100 years ago.
D. getting shorter.
E. slowing down in the early stages.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 09 #134
Question Type: Comprehension
Self-Test: No

135. When purchasing consumer electronics or other high-technology products, most consumers are aware that within a year after making a purchase, it is likely that a new model—or an entirely new product idea--will offer more features for the same amount of money. This phenomenon is a good example of the fact that, in general:
(p. 225)

A. Product life cycles are getting longer.
B. Product life cycles are getting shorter.
C. The product life cycle rarely changes in length.

AACSB: 6. Reflective thinking
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #135
Question Type: Comprehension
Self-Test: No

136. Which of the following statements is NOT TRUE of the product life cycle?
(p. 225)

A. How long a whole product life cycle takes, and the length of each stage, varies a lot across products.
B. Although the life of different products varies, on average product life cycles are getting longer.
C. The greater the comparative advantage of a new product over those already on the market, the more rapidly its sales will grow.
D. If the product can be tried on a limited basis, without a lot of risk to the customer, it can usually be introduced more quickly.
E. A product idea may be in a different life-cycle stage in different markets.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 09 #136
Question Type: Comprehension
Self-Test: No

137. Because firms must be developing new products all the time, which of the following statements is true?
(p. 225)

A. Competitors are likely to rapidly introduce product improvements in the market growth stage.
B. The developed economies experience technological advances quicker than the less-developed economies.
C. Although the life of different products varies, product life cycles are getting shorter.
D. One new invention may make possible many new products to replace old ones.
E. All of the above are true.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 09 #137
Question Type: Comprehension
Self-Test: No

138. Which of the following products is not in the growth stage of the product life cycle?
(p. 225)

A. laptop computers
B. public pay telephones
C. gas powered automobiles
D. washing machines
E. none of the above is in the growth stage.

AACSB: 6. Reflective thinking
Chapter: 9
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 09 #138
Question Type: Application
Self-Test: No

139. "Fashion" is the currently accepted or popular _____
(p. 226)

A. trend.
B. idea.
C. fad.
D. assortment.
E. style.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #139
Question Type: Definition
Self-Test: No

140. A good marketing manager knows that:
(p. 226)

A. a fashion is the currently accepted or popular style.
B. the faster fashions change, the harder marketing strategy planning is.
C. modern technology affects the speed of fashion change.
D. all of the above.
E. none of the above.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Hard
LearnObj: 1
Perreault - Chapter 09 #140
Question Type: Comprehension
Self-Test: No

141. Regarding product life cycles, which of the following statements is NOT true?
(p. 225-227)

A. A fashion is even more short lived than a fad.
B. Fashion-related products tend to have short life cycles.
C. Rapid changes in technology often lead to shorter product life cycles.
D. Product life cycles seem to be getting shorter in both consumer and business product markets.
E. All of the above are true.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #141
Question Type: Comprehension
Self-Test: No

142. In the market introduction stage of a fast product life cycle, _____ helps develop loyal customers early and keeps competitors out.
(p. 228)

A. a low initial penetration price
B. intensive distribution
C. promotion that builds selective demand
D. promotion that reminds
E. a market skimming price

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Hard
LearnObj: 1
Perreault - Chapter 09 #142
Question Type: Comprehension
Self-Test: No

143. When planning for the different stages of the product life cycle, managers should remember that:
(p. 228)

A. Sometimes, competitors can help to build customer interest in a new product idea.
B. The correct strategy depends on how quickly the new idea will be accepted by consumers.
C. A firm that can change its strategy quickly may have an advantage over less flexible competitors.
D. Not all new product ideas catch on with consumers or intermediaries.
E. All of the above.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #143
Question Type: Comprehension
Self-Test: No

144. As a product moves into the market maturity stage of the product life cycle:
(p. 228-229)

A. Consumers tend to view products as being more similar.
B. The competitive situation moves toward monopoly.
C. Promotion emphasizes informing consumers more than persuading them.
D. There is less consideration of competition in setting prices.
E. All of the above.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #144
Question Type: Comprehension
Self-Test: No

145. As a product moves into the market maturity stage of its life cycle, the marketing manager should:
(p. 228-229)

A. try to build primary demand.
B. move toward exclusive distribution.
C. expect the market to move toward pure competition.
D. All of the above are true.
E. None of the above is true.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Hard
LearnObj: 1
Perreault - Chapter 09 #145
Question Type: Comprehension
Self-Test: No

146. *(p. 228-229)* When moving into the market maturity stage of the product life cycle, a firm might be able to obtain a competitive advantage:

A. with lower production costs.
B. by being more successful at promotion.
C. by having a slightly better product than competitors.
D. all of the above.
E. none of the above.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 09 #146
Question Type: Comprehension
Self-Test: No

147. *(p. 227-229)* Which of the following is LESS LIKELY to happen as a product moves through the later stages of the product life cycle?

A. Place - move toward selective distribution.
B. Promotion - build selective demand.
C. Price - meet competition.
D. Competitive situation - Heading toward pure competition.
E. Product - Some drop out.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 09 #147
Question Type: Comprehension
Self-Test: No

148. *(p. 229)* Regarding product life cycles, good marketing managers know that:

A. all new brands start off in the market introduction stage.
B. product life cycles can be extended through product improvements.
C. a product must pass through all the product life cycle stages.
D. no strategy planning is needed during the sales decline stage.
E. a firm should use penetration pricing during market introduction, especially if the cycle is expected to move slowly.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 09 #148
Question Type: Integrating
Self-Test: No

149. Concerning the product life cycle:
(p. 230)

A. profits and sales begin to decline in the maturity stage.
B. individual products may enter and leave the market at any stage.
C. a successful introduction almost guarantees that the product will remain a success over the life cycle.
D. All of the above are true.
E. None of the above is true.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 09 #149
Question Type: Comprehension
Self-Test: No

150. Regarding product life cycles, good marketing managers know that:
(p. 230)

A. any new brand must start off in the market introduction stage.
B. any product modification results in a new product life cycle.
C. product life cycles cannot be extended.
D. a firm's product can be withdrawn before its related product life cycle is over.
E. All of the above are true.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #150
Question Type: Self-Test
Self-Test: Self-Test

151. Which statement is true about products in the decline stage of the product life cycle?
(p. 230)

A. Brand managers should phase-out this product as quickly as possible.
B. A declining product may still be profitable for some time and it might be more appropriate to phase-out this product gradually.
C. Customers will always abandon the declining product immediately if an alternative is available.
D. Phasing-out a product at this time is fairly easy and this strategy will cut future losses.
E. None of the above statements are true.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 09 #151
Question Type: Comprehension
Self-Test: No

152. Which of the following observations concerning a phase-out strategy is incorrect?
(p. 230)

A. If prospects are poor in a product-market, a phase-out strategy may be needed.
B. Phasing out a product may involve some difficult implementation problems.
C. Phase-out is also a strategy, and it must be market-oriented to cut losses.
D. The need for phasing out becomes more obvious as the market maturity stage arrives.
E. It is sometimes better to phase out products gradually.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 09 #152
Question Type: Comprehension
Self-Test: No

153. According to the text, a "new product" is one that is:
(p. 231)

A. physically changed.
B. unique.
C. new in any way for the company concerned.
D. completely new physically and conceptually.
E. None of the above.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 09 #153
Question Type: Definition
Self-Test: No

154. According to your text, which of the following is an example of a "new product"?
(p. 231)

A. An existing product that has been modified in some way.
B. An existing product for which new uses have been found in other product-markets.
C. A wholly new product idea.
D. An existing product being offered to new markets.
E. All of the above.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 09 #154
Question Type: Application
Self-Test: No

155. Regarding what a "new product" is, your text says:
(p. 231)

A. a product should be considered "new" if it is new in any way for the company concerned.
B. that the FTC would not call an existing product new, even if it were changed in a functionally significant way.
C. there is no legal limit on how long a product can be called "new."
D. a new product must be totally different before it can be called a "new product."
E. All of the above.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 09 #155
Question Type: Comprehension
Self-Test: No

156. According to the FTC, for a producer to call a product "new," the product:
(p. 231)

A. must be no more than two months old.
B. must have achieved brand insistence.
C. must be entirely new or changed in a functionally significant or substantial respect.
D. must have been changed in some way during the last year.
E. None of the above is a correct answer.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 09 #156
Question Type: Self-Test
Self-Test: Self-Test

157. According to the Federal Trade Commission (FTC), a new product:
(p. 231)

A. Is only new for twelve months.
B. Is entirely new.
C. Is changed in a functionally different or substantial respect.
D. Is something that is new in any way for the company concerned.
E. Both B and C.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 09 #157
Question Type: Comprehension
Self-Test: No

158. Which of the following statements about "new products" is FALSE?
(p. 231)

A. In order for it to be advertised as new, there should be a functionally significant change in the product--according to the FTC.
B. A product should be considered "new" by a particular firm if it is new in any way for that company.
C. The FTC considers six months as the maximum time that a product should be called "new."
D. According to the FTC, a product may be called "new" (for example, in advertising) as long as the firm has made at least some minor change in the package or product.
E. A marketing manager should consider a product new if it is aimed at new markets.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 09 #158
Question Type: Comprehension
Self-Test: No

159. Seeking to stop declining sales for an established mouthwash, a sales manager suggests that new coloring be added to the product and a major promotion effort be started for the "new" product. The Federal Trade Commission would:
(p. 231)

A. be concerned about the possibility of the firm getting a monopoly.
B. allow the company to call the product "new" for only six months.
C. probably not approve of this at all because the product doesn't meet the FTC's definition of "new."
D. allow the promotion effort if it felt that consumers would think the coloring made it "new."
E. none of the above is true.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 09 #159
Question Type: Application
Self-Test: No

160. Sales of a producer's wax paper food-wrap are declining fast. The advertising manager--looking for a way to attract attention to the brand--suggests changing the package somewhat and promoting it as a "new" product. The Federal Trade Commission
(p. 231)

A. would allow the company to call the product "new" for only six months.
B. probably would not approve of this at all.
C. would allow the advertising campaign if it concluded that consumers thought the different package made it new.
D. does not regulate advertising, so it would not pay any attention to this firm.
E. None of the above is true.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 09 #160
Question Type: Application
Self-Test: No

161. Which of the following is a common cause of new product failures?
(p. 231)

A. The product fails to offer the customer a unique benefit.
B. The company tries to follow an organized new-product development process--rather than using a faster and more spontaneous, "race-to-market" approach.
C. The managers worry too much about the competition.
D. The company delays putting the product on the market until it has developed a complete marketing plan.
E. All of the above.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 09 #161
Question Type: Comprehension
Self-Test: No

162. Which of the following gives the correct order of the steps in the new-product development process?
(p. 232)

A. Screening, idea generation, idea evaluation, development, commercialization
B. Idea generation, screening, idea evaluation, development, commercialization
C. Idea generation, idea evaluation, development, screening, commercialization
D. Development, idea generation, screening, commercialization, idea evaluation
E. Commercialization, idea generation, idea evaluation, screening, development

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Hard
LearnObj: 3
Perreault - Chapter 09 #162
Question Type: Definition
Self-Test: No

163. The last step in the new-product development process is:
(p. 232)

A. idea generation.
B. commercialization.
C. idea evaluation.
D. development.
E. screening.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 09 #163
Question Type: Definition
Self-Test: No

164. Which of the following is NOT a separate stage of the new-product development process?
(p. 232)

A. Idea generation.
B. Screening.
C. Idea evaluation.
D. Marketing Research.
E. Commercialization.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 09 #164
Question Type: Comprehension
Self-Test: No

165. The new-product development process discussed in the text
(p. 232)

A. is based on the idea that a firm should eliminate potentially unprofitable product ideas as early as possible.
B. seeks to take as many ideas to market as possible, hoping to find a breakthrough opportunity.
C. relies solely on test marketing to decide whether to drop an idea or take it to market.
D. is especially important since it increases the number of new product ideas that get to the commercialization stage.
E. None of the above is true.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 09 #165
Question Type: Self-Test
Self-Test: Self-Test

166. An ROI estimate is needed during the _____ step of the new-product development process.
(p. 232)

A. commercialization
B. development
C. idea evaluation
D. screening
E. All of the above.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Hard
LearnObj: 3
Perreault - Chapter 09 #166
Question Type: Comprehension
Self-Test: No

167. In the idea generation stage of the new-product development process:
(p. 232)

A. Bad ideas should be discarded as soon as possible.
B. Using competitors as a source of ideas should be avoided.
C. Firms need a continuous flow of ideas.
D. Analysis of consumer complaints about current products is unlikely to generate any new ideas.
E. None of the above.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 09 #167
Question Type: Comprehension
Self-Test: No

168. When looking for new product ideas, which of the following would be good sources?
(p. 232)

A. your salespeople.
B. your intermediaries.
C. your competitors.
D. your production people.
E. all of the above.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 09 #168
Question Type: Application
Self-Test: No

169. If you are seeking new product ideas for your business, a good source is:
(p. 232)

A. Intermediaries
B. Customers
C. Your production people
D. Your salespeople
E. All of the above.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 09 #169
Question Type: Application
Self-Test: No

170. Which of the following is an effective source of ideas at the idea generation stage of the new-product development process?
(p. 232)

A. customer complaints.
B. lead-users of the product.
C. competitors' products.
D. products found in overseas markets.
E. all of the above.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 09 #170
Question Type: Comprehension
Self-Test: No

171. Ideas about potential new products should
(p. 232)

A. be encouraged from any and all sources, since only a few ideas will develop into successful products.
B. not be eliminated from consideration until they have been tested in the commercialization stage.
C. come primarily from employees of the firm--so that time won't be wasted evaluating product ideas that are inconsistent with the firm's objectives and resources.
D. come from outside the firm, since studies show that really new ideas require a fresh perspective.
E. None of the above is correct.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 09 #171
Question Type: Comprehension
Self-Test: No

172. In the idea generation stage of the new-product development process
(p. 232)

A. many new ideas in business markets come from competitors.
B. customers are given new products to test.
C. a S.W.O.T. analysis helps evaluate new product ideas.
D. a firm decides which ideas to pursue based on return on investment screening.
E. final ROI estimates are done.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 09 #172
Question Type: Comprehension
Self-Test: No

173. *(p. 232)* Regarding the idea generation stage of the new-product development process, which of the following is TRUE?

A. Business firms often get new product ideas from competitors.
B. It is best to focus on only a few good ideas at this stage.
C. Studying customers' ideas is not very helpful, since they tend to focus on minor technical changes in existing products.
D. Most companies don't need a special procedure for seeking new product ideas because so many ideas are coming from so many different sources.
E. None of the above is true.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 09 #173
Question Type: Self-Test
Self-Test: Self-Test

174. *(p. 232-233)* New-product specialists at Whirlpool buy washing machines made by other firms and take them apart to look for new ideas. This is called

A. reverse engineering.
B. positioning.
C. S.W.O.T. analysis.
D. concept testing.
E. clustering.

AACSB: 6. Reflective thinking
Chapter: 9
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 09 #174
Question Type: Application
Self-Test: No

175. *(p. 233)* In the _____ step of the new-product development process, a marketing manager evaluates how well the idea fits with the company's objectives.

A. idea generation
B. commercialization
C. screening
D. development
E. roll out

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 09 #175
Question Type: Comprehension
Self-Test: No

176. Wujin Chu, marketing manager for Innovative Electronics Products, reviews a S.W.O.T. analysis to help him evaluate four new product ideas his company is currently considering. Chu is operating in the ____ step of the new-product development process.
(p. 233)

A. idea evaluation
B. development
C. commercialization
D. screening
E. idea generation

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 09 #176
Question Type: Application
Self-Test: No

177. Pressure from consumer groups is encouraging some producers to develop more _____ products.
(p. 234)

A. deficient.
B. desirable.
C. acceptable.
D. pleasing.
E. salutary.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 09 #177
Question Type: Application
Self-Test: No

178. From a "social responsibility" viewpoint, marketers should try to design and sell:
(p. 234)

A. deficient products.
B. salutary products.
C. pleasing products.
D. desirable products.

AACSB: 2 Ethical reasoning; 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 09 #178
Question Type: Application
Self-Test: No

179. High immediate satisfaction and high long-run consumer welfare is provided by:
(p. 234)

A. salutary products.
B. pleasing products.
C. desirable products.
D. deficient products.

AACSB: 3 Analytical skills; 9 Value creation
Chapter: 9
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 09 #179
Question Type: Definition
Self-Test: No

180. Which of the following provides high immediate satisfaction and high long-run consumer welfare?
(p. 234)

A. Salutary products
B. Deficient products
C. Desirable products
D. Pleasing products

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 09 #180
Question Type: Definition
Self-Test: No

181. This type of a new-product idea is high on both long-run consumer welfare and immediate satisfaction.
(p. 234)

A. Desirable product
B. Salutary product
C. Pleasing product
D. Deficient product
E. Safety product

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 09 #181
Question Type: Comprehension
Self-Test: No

182. Many small cars get better gas mileage than the old "gas-guzzlers." This was achieved by using lighter (and less protective) materials. Using less gas while being less safe makes such a car a:
(p. 234)

A. desirable product.
B. salutary product.
C. pleasing product.
D. deficient product.
E. There is not enough information to tell.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 09 #182
Question Type: Application
Self-Test: No

183. Many people like to drive motorcycles. But motorcycles have a high death rate in even minor accidents. These motorcycles should probably be thought of as
(p. 234)

A. desirable products.
B. pleasing products.
C. salutary products.
D. deficient products.
E. There is not enough information to tell.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 09 #183
Question Type: Self-Test
Self-Test: Self-Test

184. A drug company has developed a new diet pill that helps people lose weight easily. Research shows a high level of immediate consumer satisfaction. However, their effect on long-term consumer welfare is low because they permanently increase the consumer's blood pressure. In this (hypothetical) situation, the product should be thought of as a
(p. 234)

A. desirable product.
B. pleasing product.
C. salutary product.
D. deficient product.
E. There is not enough information to tell.

AACSB: 6. Reflective thinking
Chapter: 9
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 09 #184
Question Type: Application
Self-Test: No

185. Low long-run consumer welfare but high immediate satisfaction is provided by:
(p. 234)

A. deficient products.
B. pleasing products.
C. desirable products.
D. salutary products.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 09 #185
Question Type: Definition
Self-Test: No

186. Which of the following provides high immediate satisfaction but low long-run consumer welfare?
(p. 234)

A. Pleasing products
B. Salutary products
C. Deficient products
D. Desirable products

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 09 #186
Question Type: Definition
Self-Test: No

187. In screening new product ideas, Willie Baker came upon an idea for a new mountain bike that struck him as relatively dangerous and potentially harmful to consumer welfare. However, he thought it would provide very high immediate customer satisfaction. Such a product would be considered a
(p. 234)

A. pleasing product.
B. deficient product.
C. star product.
D. salutary product.
E. desirable product.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Hard
LearnObj: 3
Perreault - Chapter 09 #187
Question Type: Application
Self-Test: No

188. A product idea that provides a high degree of immediate satisfaction but a low degree of long-run consumer welfare is a:
(p. 234)

A. Desirable product.
B. Pleasing product.
C. Salutary product.
D. Deficient product.
E. High-growth product.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 09 #188
Question Type: Definition
Self-Test: No

189. Low immediate satisfaction but high long-run consumer welfare is provided by:
(p. 234)

A. salutary products.
B. desirable products.
C. deficient products.
D. pleasing products.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 09 #189
Question Type: Definition
Self-Test: No

190. Which of the following provides low immediate satisfaction but high long-run consumer welfare?
(p. 234)

A. Pleasing products
B. Desirable products
C. Deficient products
D. Salutary products

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 09 #190
Question Type: Definition
Self-Test: No

191. *(p. 234)* Even though safety helmets offer protection while riding a bike, many Americans don't use them because they are uncomfortable or restricting. For all these people, safety helmets are a:

A. pleasing product.
B. salutary product.
C. deficient product.
D. desirable product.
E. There is not enough information to tell.

AACSB: 6. Reflective thinking
Chapter: 9
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 09 #191
Question Type: Application
Self-Test: No

192. *(p. 234)* Which of the following types of products provide low immediate satisfaction but high long-run consumer welfare?

A. Salutary products
B. Pleasing products
C. Desirable products
D. Deficient products
E. Generic products

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 09 #192
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

193. *(p. 234)* Product ideas that provide a low degree of immediate satisfaction but a high degree of long-run consumer welfare are

A. desirable products.
B. salutary products.
C. pleasing products.
D. deficient products.
E. unsought products.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 09 #193
Question Type: Comprehension
Self-Test: No

194. Which of the following provides low immediate satisfaction and low long-run consumer welfare?
(p. 234)

A. Pleasing products
B. Deficient products
C. Desirable products
D. Salutary products

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 09 #194
Question Type: Definition
Self-Test: No

195. Low immediate satisfaction and low long-run consumer welfare is provided by:
(p. 234)

A. pleasing products.
B. salutary products.
C. deficient products.
D. desirable products.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 09 #195
Question Type: Definition
Self-Test: No

196. The Consumer Product Safety Commission can:
(p. 234)

A. back up its orders with jail sentences.
B. set safety standards for products.
C. back up its orders with fines.
D. order return of "unsafe products."
E. All of the above.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 09 #196
Question Type: Definition
Self-Test: No

197. The Consumer Product Safety Commission can:
(p. 234)

A. order costly repairs of "unsafe products."
B. back up its orders with fines.
C. order returns of "unsafe products."
D. back up its orders with jail sentences.
E. All of the above are true.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 09 #197
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

198. The Consumer Product Safety Commission can:
(p. 234)

A. order costly repairs of "unsafe products."
B. back up its orders with fines or jail sentences.
C. set safety standards for products.
D. All of the above.
E. Both A and C--but NOT B.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 09 #198
Question Type: Definition
Self-Test: No

199. The Consumer Product Safety Commission
(p. 234)

A. sets safety standards for new products, but has little power until after a consumer accident occurs.
B. must approve every new product (including foods and drugs) before it can be sold.
C. provides product liability insurance.
D. can order costly returns of products it considers unsafe.
E. has very little power.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Hard
LearnObj: 3
Perreault - Chapter 09 #199
Question Type: Comprehension
Self-Test: No

200. Passage of the Consumer Product Safety Act means that:
(p. 234)

A. some businesspeople may go to jail if they offer unsafe products.
B. consumers will be more willing to pay for safer products in the future.
C. product-related injuries will be eliminated in the future.
D. producers are no longer liable for an injury if it is the consumer's fault.
E. All of the above.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 09 #200
Question Type: Comprehension
Self-Test: No

201. Which of the following is NOT within the power of the Consumer Product Safety Commission?
(p. 234)

A. It can set safety standards for products.
B. It can order repairs of unsafe products.
C. It can order returns of unsafe products.
D. It can back up its orders with fines and jail sentences.
E. It can conduct random searches for unsafe products in consumers' homes.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 09 #201
Question Type: Comprehension
Self-Test: No

202. The legal obligation of sellers to pay damages to individuals who are injured by defective or unsafely designed products is called:
(p. 235)

A. product responsibility.
B. breach of warranty.
C. rule of reason.
D. product liability.
E. design enforcement.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 09 #202
Question Type: Definition
Self-Test: No

203. The legal obligation of sellers to pay damages to individuals who are injured by defective or unsafely designed products is called:
(p. 235)

A. breach of warranty.
B. product liability.
C. deficit accountability.
D. the rule of reason.
E. salutary responsibility.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 09 #203
Question Type: Definition
Self-Test: No

204. Which of the following is true of product liability?
(p. 235)

A. Product liability is a consideration, but it's not important until the development stage of the new-product development process.
B. Relative to most other countries, U.S. courts enforce a very strict product liability standard.
C. Sellers are usually not held responsible for injuries related to their products especially when the items are well designed.
D. None of the above is true.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 4
Perreault - Chapter 09 #204
Question Type: Comprehension
Self-Test: No

205. Because of _____, a court rules that a fast-food restaurant has a legal obligation to pay damages to a family whose child was injured when it swallowed an unsafe toy that came in a kids' meal box.
(p. 235)

A. consumer compensation
B. product liability
C. consumer protection
D. product quality assurance
E. pleasing products

AACSB: 2 Ethical reasoning
Chapter: 9
Difficulty: Medium
LearnObj: 4
Perreault - Chapter 09 #205
Question Type: Application
Self-Test: No

206. In the idea evaluation stage
(p. 235)

A. an actual product is developed.
B. companies cannot estimate likely costs.
C. concept testing is used for getting reactions from customers.
D. there is some engineering to design and develop the physical part of a product.
E. the final ROI is estimated.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 09 #206
Question Type: Comprehension
Self-Test: No

207. Getting reactions from customers about how well a new-product idea fits their needs is
(p. 235)

A. concept testing.
B. target marketing.
C. screening.
D. brand positioning.
E. product liability.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 09 #207
Question Type: Definition
Self-Test: No

208. Concept testing:
(p. 235)

A. takes place during the screening step of the new-product development process.
B. involves usage tests by potential customers.
C. seeks potential customers' reactions and attitudes toward new product ideas--before actual models are developed.
D. is the last step before commercialization of a new product idea.
E. Both A and D.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Hard
LearnObj: 3
Perreault - Chapter 09 #208
Question Type: Comprehension
Self-Test: No

209. National Family Opinion (NFO) contacts several hundred members of its consumer panel and provides them with a printed description of a new chewing gum and its package. Consumers are then given a survey containing several multiple-choice questions about their attitudes toward the new product, based on what they read in the description. The final survey question asks consumers to indicate the likelihood that they would purchase the product. NFO seems to be conducting a:
(p. 235)

A. Market test.
B. Concept test.
C. Prototype test.
D. Sensitivity test.
E. Attitude test.

AACSB: 6. Reflective thinking
Chapter: 9
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 09 #209
Question Type: Application
Self-Test: No

210. Which of the following statements about the idea evaluation step is FALSE?
(p. 235)

A. Companies can often estimate likely costs, revenue, and profitability at this stage.
B. Product planners can compare the cost advantages and limitations of a new product with those currently being used.
C. Product tests with customers are used to revise the early versions of the product.
D. This step should gather enough information to help decide whether there is an opportunity.
E. None of the above is false.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 09 #210
Question Type: Comprehension
Self-Test: No

211. The _____ step in the new-product development process could involve R&D and engineering to design and build the physical part of the product.
(p. 236)

A. screening
B. idea evaluation
C. roll out
D. commercialization
E. development

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 09 #211
Question Type: Comprehension
Self-Test: No

212. Regarding new-product development, market tests:
(p. 236)

A. are used mostly for durable products because of their high production costs and risks.
B. seek customer reactions to ideas--not actual products.
C. should test the product and specific marketing mix variables.
D. are costly, but not testing can be even more expensive.
E. Both C and D.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Hard
LearnObj: 3
Perreault - Chapter 09 #212
Question Type: Comprehension
Self-Test: No

213. Full-scale market tests:
(p. 236)

A. Are unrealistic because they do not test the whole marketing mix.
B. Are not expensive.
C. Should always be skipped if management is sure that it understands consumer preferences.
D. May provide information to competitors.
E. Are used mostly for products that have high production costs and long lead times.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 09 #213
Question Type: Comprehension
Self-Test: No

214. *(p. 236)* Kelly Drake, marketing manager for Find-Ur-Way global positioning systems, is testing the marketing mix for one of her company's new products. The product was introduced in two different markets with different prices and packages. This suggests the new product was in the _____ step of the new-product development process.

A. commercialization
B. idea evaluation
C. screening
D. development
E. idea generation

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 09 #214
Question Type: Application
Self-Test: No

215. *(p. 237)* Which of the following statements about the commercialization stage of the new-product development process is False?

A. A firm should always rollout the product to the entire target market at one time.
B. Channels of distribution need to be filled with goods.
C. Introductory promotion tends to be more costly if the firm is entering a very competitive market.
D. People need to be hired and trained to provide services.
E. All of the above statements are false.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 09 #215
Question Type: Comprehension
Self-Test: No

216. *(p. 237)* Gradual "rollouts" are characteristic of which step of the new-product development process?

A. Idea generation
B. Development
C. Idea screening
D. Idea evaluation
E. Commercialization

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 09 #216
Question Type: Comprehension
Self-Test: No

217. A "roll out" happens in the ____ step of the new-product development process?
(p. 237)

A. idea generation
B. idea evaluation
C. screening
D. development
E. commercialization

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 09 #217
Question Type: Comprehension
Self-Test: No

218. Regarding the new-product development process:
(p. 235-237)

A. the hypothesis tested is that the new product idea will not be profitable.
B. a gradual "roll-out" of the product--region by region--allows for more market testing.
C. concept tests are done before any physical models are produced.
D. likely ROI should be estimated throughout the process to force the new idea to prove itself.
E. All of the above are true.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 09 #218
Question Type: Integrating
Self-Test: No

219. Which of the following activities is NOT typical of the commercialization stage?
(p. 236-237)

A. Goods have to be produced to fill the channels of distribution.
B. People must be hired and trained to provide services.
C. Manufacturing or service facilities have to be set up.
D. Full-scale market testing is conducted.
E. Products are introduced city by city or region by region in a gradual "rollout."

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 09 #219
Question Type: Comprehension
Self-Test: No

220. The new-product development process
(p. 237)

A. should have ongoing support from top management.
B. should avoid applying quantitative screening criteria--since applying such criteria tends to eliminate most of the "really new" ideas.
C. should be informal--to encourage creativity.
D. should start whenever the majority of current products are in the market maturity stage of the product life cycle.
E. All of the above are correct.

AACSB: 6. Reflective thinking
Chapter: 9
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 09 #220
Question Type: Comprehension
Self-Test: No

221. Which of the following statements about organizing for new-product development is TRUE?
(p. 237)

A. New-product development departments or committees usually cause delays and should be avoided.
B. Few new-product ideas fail when product managers control the new-product development process.
C. The specific organization arrangement may not be too important--as long as there is top-level support.
D. Marketing managers should control new-product development.
E. All of the above are true.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 09 #221
Question Type: Comprehension
Self-Test: No

222. Chris Carmine manages specific products and promotion at Bright-n-Shiny Toothbrush Company. Her job responsibility sounds like that of a _____.
(p. 239)

A. brand manager
B. project coordinator
C. channel manager
D. sales representative
E. marketing research manager

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 09 #222
Question Type: Application
Self-Test: No

223. Product managers:
(p. 239)

A. Are especially common in large companies.
B. Are sometimes responsible for a product's whole marketing effort.
C. Coordinate their efforts with individuals within and outside the company.
D. May serve as "product champions" in planning and implementing the promotion effort.
E. All of the above.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 09 #223
Question Type: Comprehension
Self-Test: No

224. The job of product or brand manager is often created when a firm:
(p. 239)

A. has many different kinds of products or brands.
B. wants to eliminate the job of the research and development department.
C. wants to eliminate the job of sales manager.
D. wants each product or brand to have a "champion."
E. Both A and D.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 09 #224
Question Type: Comprehension
Self-Test: No

225. Product or brand managers are commonly used when a firm:
(p. 239)

A. has several different kinds of products or brands.
B. wants to eliminate the job of the advertising manager.
C. has one or a few products--all of which are important to its success.
D. wants to eliminate the job of sales manager.
E. wants one person to have authority over all the functional areas that affect the profitability of a particular product.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 09 #225
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

226. At one time most firms assumed defects were an inevitable part of mass production. _____ firms showed that this assumption was not valid.
(p. 239-240)

A. Chinese
B. American
C. European
D. Japanese
E. Latin American

AACSB: 9 Value creation
Chapter: 9
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 09 #226
Question Type: Comprehension
Self-Test: No

227. The big cost of poor quality is the cost of
(p. 240)

A. replacing defective parts.
B. lost customers.
C. recalling defective goods.
D. rework and training.
E. induction training.

AACSB: 11 Analysis for decisions
Chapter: 9
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 09 #227
Question Type: Definition
Self-Test: No

228. A marketing manager might use the total quality management approach to:
(p. 240)

A. reduce defects in goods produced in factories.
B. train better salespeople.
C. improve customer service.
D. make delivery schedules more reliable.
E. all of the above.

AACSB: 9 Value creation
Chapter: 9
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 09 #228
Question Type: Application
Self-Test: No

229. Which of the following statements about total quality management (TQM) is False?
(p. 240)

A. Before widespread adoption of TQM, most firms assumed that production defects were an inevitable part of mass production.
B. Japanese producers of cars, electronics and cameras showed that production defects were not inevitable.
C. From a TQM perspective, the cost of lost customers is a minor consequence of poor quality.
D. From a customer's point of view, getting a defective product and having to complain about it is inconvenient.
E. TQM methods have been applied to implementation problems other than manufacturing.

AACSB: 9 Value creation
Chapter: 9
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 09 #229
Question Type: Comprehension
Self-Test: No

230. Total quality management:
(p. 240)

A. requires that everyone in the organization be concerned with improving quality.
B. means more than just using statistical controls to reduce manufacturing defects.
C. views the cost of lost customers as an important result of quality problems.
D. applies to service producers as well as manufacturers.
E. all of the above are correct.

AACSB: 9 Value creation
Chapter: 9
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 09 #230
Question Type: Self-Test
Self-Test: Self-Test

231. ____ refers to a commitment to constantly make things better one step at a time.
(p. 240)

A. Just-In-Time
B. Ladder approach
C. Continuous improvement
D. Production focus
E. Sales orientation

AACSB: 9 Value creation
Chapter: 9
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 09 #231
Question Type: Definition
Self-Test: No

232. In continuous improvement, the place to start is to clearly define "defects" in the implementation process, from the _____ point of view.
(p. 241)

A. customer's
B. marketer's
C. management's
D. regulator's
E. researcher's

AACSB: 9 Value creation
Chapter: 9
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 09 #232
Question Type: Definition
Self-Test: No

233. Managers who use the TQM approach think of quality improvement as a _____ process.
(p. 241)

A. branching
B. netting
C. sorting
D. averaging
E. benchmarking

AACSB: 10 Org Dynamics
Chapter: 9
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 09 #233
Question Type: Comprehension
Self-Test: No

234. A Pareto chart:
(p. 241)

A. Is a chart showing the frequency of occurrence of problems.
B. Is usually ordered from the least frequent to most frequent.
C. Focuses a manager's attention on solving the smallest problems first.
D. All of the above.
E. A and C only.

AACSB: 14 Specific knowledge; 9 Value creation
Chapter: 9
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 09 #234
Question Type: Definition
Self-Test: No

235. _____ is a graph that shows the number of times a problem cause occurs, with problem causes ordered from most frequent to least frequent.
(p. 241)

A. Pareto chart
B. Fishbone diagram
C. SWOT output
D. Waterfall chart
E. Pie chart

AACSB: 11 Analysis for decisions
Chapter: 9
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 09 #235
Question Type: Definition
Self-Test: No

236. Which of the following observations concerning a Pareto chart is TRUE?
(p. 241)

A. It shows the number of times a problem cause occurs.
B. It shows how problem causes are ordered from most frequent to least frequent.
C. It shows the frequency of different complaints.
D. It focuses the manager's attention on which implementation problem to fix first.
E. All of the above.

AACSB: 11 Analysis for decisions
Chapter: 9
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 09 #236
Question Type: Definition
Self-Test: No

237. Rita Scavone manages a pizza restaurant. She spends a night reviewing customer comments and sorting them on what went right and what went wrong. Rita is following a principle of
(p. 241)

A. total quality management.
B. fishbone diagramming.
C. complaint management.
D. franchisee analysis.
E. ignoring small problems.

AACSB: 9 Value creation
Chapter: 9
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 09 #237
Question Type: Application
Self-Test: No

238. Jack Johnson uses a Pareto chart to identify the frequency of different complaints from his customers. After identifying the biggest problem, he may create a _____ to solve it.
(p. 242)

A. demographic report
B. waterfall chart
C. fishbone diagram
D. competitor profile
E. pie chart

AACSB: 11 Analysis for decisions
Chapter: 9
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 09 #238
Question Type: Application
Self-Test: No

239. After a problem has been identified, a fishbone diagram helps managers solve the problem by:
(p. 242)

A. identifying how customer satisfaction can be improved.
B. creating a visual aid of why things go wrong.
C. organizing cause-and-effect relationships.
D. all of the above.
E. none of the above.

AACSB: 9 Value creation
Chapter: 9
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 09 #239
Question Type: Definition
Self-Test: No

240. A _____ is a visual aid that helps organize cause-and-effect relationships for "things gone wrong."
(p. 242)

A. Pareto chart
B. fishbone diagram
C. SWOT output
D. waterfall chart
E. pie chart

AACSB: 11 Analysis for decisions
Chapter: 9
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 09 #240
Question Type: Definition
Self-Test: No

241. A visual aid that helps organize cause-and-effect relationships for things gone wrong in implementation is a:
(p. 242)

A. Pareto chart.
B. Fishbone diagram.
C. Continuous improvement chart.
D. TQM chart.
E. Frequency diagram.

AACSB: 14 Specific knowledge; 9 Value creation
Chapter: 9
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 09 #241
Question Type: Definition
Self-Test: No

242. All of the following observations are true of a fishbone diagram except
(p. 242)

A. it helps organize cause-and-effect relationships for "things gone wrong."
B. it helps figure out why things go wrong.
C. it is a visual aid.
D. it is used to identify the frequency of different problems.
E. it helps summarize the various causes of a problem.

AACSB: 9 Value creation
Chapter: 9
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 09 #242
Question Type: Comprehension
Self-Test: No

243. It is difficult to maintain consistent quality in services because
(p. 243)

A. services are nonperishable.
B. as opposed to products, services are tangible in nature.
C. the server is inseparable from the service.
D. variability is reduced as more humans are involved in delivery.
E. it requires minimum human interaction.

AACSB: 10 Org Dynamics
Chapter: 9
Difficulty: Hard
LearnObj: 6
Perreault - Chapter 09 #243
Question Type: Definition
Self-Test: No

244. Two keys to improving how people implement quality service are:
(p. 243)

A. training and empowerment.
B. JIT delivery and supply chain management.
C. appraisals and rewards.
D. monitoring and control.
E. positive and negative reinforcement.

AACSB: 9 Value creation
Chapter: 9
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 09 #244
Question Type: Comprehension
Self-Test: No

245. _____ means giving employees the authority to correct a problem without first checking with management.
(p. 243)

A. Responsibility adjustment
B. Empowerment
C. Training
D. Induction
E. Benchmarking

AACSB: 9 Value creation
Chapter: 9
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 09 #245
Question Type: Definition
Self-Test: No

246. When building quality into services, managers should:
(p. 243)

A. Not worry about training because people will learn by experience.
B. Spend all of their time watching employees to make sure that they do things right every time.
C. Require employees to check with managers before attempting to correct any problem.
D. Empower employees by giving them the authority to satisfy customers' needs without always checking with a supervisor.
E. None of the above.

AACSB: 9 Value creation
Chapter: 9
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 09 #246
Question Type: Comprehension
Self-Test: No

247. Using total quality management to improve the implementation of a marketing plan is likely to include:
(p. 243)

A. the use of Pareto charts as a visual aid to determine why things go wrong.
B. the use of fishbone diagrams to show which problems are most important.
C. an emphasis on physical products over service products.
D. training and empowerment of employees to identify and solve customer problems.
E. all of the above are correct.

AACSB: 9 Value creation
Chapter: 9
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 09 #247
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

248. Building quality into services:
(p. 243)

A. can be easily accomplished by spending more.
B. can be accomplished without top-level support because it is such a simple idea.
C. is not necessary unless the service is guaranteed.
D. can be easily accomplished with surprise quality inspections.
E. can be improved by giving employees the authority to correct a problem on their own.

AACSB: 9 Value creation
Chapter: 9
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 09 #248
Question Type: Comprehension
Self-Test: No

Use this information for questions that refer to the Wire Products Inc. (WPI) case.

Rob Rose sat back to review the portfolio of products his company, Wire Products Inc. (WPI), has in its product line. The company specializes in making various products for consumer and industrial uses from hard laminated wire -- coated with special paints.

1) WPI's "Wire Closet" products have been on the market for 10 years. Consumers install the wire shelves and closet rods themselves. The market leader, Closetmaid, has been selling similar products for more than 20 years, but so far the sales volume and profits for the market continue to grow. Recently, several new competitors have come into the market.

2) Three months ago, WPI entered the lawn and garden market with folding fences made with laminated wire and branded as "Wire Fold-Fence." Previously, WPI had never made fences or been in lawn and garden - although other companies have been making products in this market for years. However, Rob Rose has discovered that recent sales of wire garden fencing have leveled off and profits are declining overall. Still, WPI thinks it has some cost advantages and can grow its own sales and profits in this market.

3) WPI has just developed "Oil Wire," a new concept for the environmental cleanup market. Oil Wire is coated with a special material that cleans up oil spills. There has never been a product like this and WPI wants to quickly get the word out about its benefits. The product is now being rolled out in selective markets.

4) Another business product is "Wire Locker" used for secure storage by gymnasiums or companies. This style of locker has now gone out of fashion and most customers are finding better materials to use for lockers. Aggressive selling has helped Wire Locker's sales stay flat, but the total market for wire style lockers is only half of what it was 10 years ago.

5) WPI's "Wire Window" product is used as a security product to protect glass windows. It sells to homeowners and retailers looking for additional safety. WPI's sales of this product have dropped in recent years because competitors have introduced maintenance-free products. However, the overall market for this type of product continues to show good growth.

6) WPI is running concept tests of a new wire car-top carrier called "Wire Car Top." There are other car-top carrier products on the market, but WPI plans to include options in its carrier that will make it easier to load bikes, skis, and suitcases. "Wire Car Top" is also very easy to put on and take off of the car because of its light weight and ease-of-use features. The concept tests are helping WPI analysts develop rough estimates of costs, sales, and profits.

7) Another new product idea, tentatively called "Wire Tent," is being considered. It would use laminated wires to create a portable tent frame. This product is currently being evaluated to determine its fit with the company's objectives and external market trends.

Rob is thinking about the product life cycle, where each product fits, and what he should be doing as part of his marketing plan for each of these products.

249. In which stage of the product life cycle is "Wire Locker"?
(p. 223)

A. Market introduction
B. Sales decline
C. Market development
D. Market growth
E. Market maturity

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Hard
LearnObj: 1
Perreault - Chapter 09 #249
Question Type: Application
Self-Test: No

250. In which stage of the product life cycle is "Wire Window"?
(p. 222)

A. Market maturity
B. Market development
C. Sales decline
D. Market Growth
E. Market introduction

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Hard
LearnObj: 1
Perreault - Chapter 09 #250
Question Type: Application
Self-Test: No

251. In which stage of the product life cycle is "Wire Closet"?
(p. 222)

A. Market development
B. Sales decline
C. Market maturity
D. Market introduction
E. Market growth

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Hard
LearnObj: 1
Perreault - Chapter 09 #251
Question Type: Application
Self-Test: No

252. In which stage of the product life cycle is "Oil Wire"?
(p. 221-222)

A. Market introduction
B. Sales decline
C. Market growth
D. Market maturity
E. Market development

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 09 #252
Question Type: Application
Self-Test: No

253. In which stage of the product life cycle is "Wire Fold-Fence"?
(p. 223)

A. Sales decline
B. Market introduction
C. Market maturity
D. Market growth
E. Market development

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 09 #253
Question Type: Application
Self-Test: No

254. For which product does WPI need to build primary demand?
(p. 227-228)

A. Wire Closet
B. Wire Fold-Fence
C. Oil Wire
D. Wire Window
E. Wire Locker

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Hard
LearnObj: 1
Perreault - Chapter 09 #254
Question Type: Application
Self-Test: No

255. For which product is it most critical for WPI to build brand familiarity?
(p. 227-228)

A. Wire Closet
B. Wire Window
C. Wire Locker
D. Wire Tent
E. It is equally important for each of these products

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Hard
LearnObj: 1
Perreault - Chapter 09 #255
Question Type: Application
Self-Test: No

256. Based on the text's recommendations for different stages in the product life cycle, for which product does WPI most need to consider developing different markets?
(p. 230)

A. Wire Window
B. Oil Wire
C. Wire Closet
D. It would be equally important to develop new markets for all of these products.

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Hard
LearnObj: 1
Perreault - Chapter 09 #256
Question Type: Application
Self-Test: No

257. According to the definition in your text, which of WPI's products can be called a new product?
(p. 231)

A. Wire Closet
B. Wire Locker
C. Wire Fold-Fence
D. Wire Window
E. None of these products fits the definition of a new product

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 09 #257
Question Type: Application
Self-Test: No

258. In which step of the new-product development process is "Oil Wire"?
(p. 236-237)

A. Screening
B. Development
C. Idea evaluation
D. Commercialization
E. Idea generation

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Hard
LearnObj: 3
Perreault - Chapter 09 #258
Question Type: Application
Self-Test: No

259. In which step of the new-product development process is the "Wire Car Top"?
(p. 235)

A. Commercialization
B. Idea evaluation
C. Idea generation
D. Screening
E. Development

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Hard
LearnObj: 3
Perreault - Chapter 09 #259
Question Type: Application
Self-Test: No

260. In which step of the new-product development process is the "Wire Tent"?
(p. 233)

A. Screening
B. Development
C. Idea evaluation
D. Idea generation
E. Commercialization

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Hard
LearnObj: 3
Perreault - Chapter 09 #260
Question Type: Application
Self-Test: No

261. Among the types of new product opportunities, "Wire Car Top" is best thought of as a:
(p. 234)

A. Desirable product
B. Pleasing product
C. Deficient product
D. Salutary product

AACSB: 3 Analytical skills
Chapter: 9
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 09 #261
Question Type: Application
Self-Test: No

262. Is it a good idea for a company like WPI to have several product managers?
(p. 239)

A. No, because the company has several different product categories.
B. Yes, because the company would want to eliminate the job of advertising manager.
C. Yes, because the company has several different product categories.
D. No, because the company would need someone to give direction to the advertising manager.

AACSB: 6. Reflective thinking
Chapter: 9
Difficulty: Medium
LearnObj: 5
Perreault - Chapter 09 #262
Question Type: Application
Self-Test: No

ch9 Summary

Category	*# of Questions*
AACSB: 10 Org Dynamics	4
AACSB: 10 Org Dynamics; 9 Value creation	1
AACSB: 11 Analysis for decisions	6
AACSB: 14 Specific knowledge	3
AACSB: 14 Specific knowledge; 9 Value creation	2
AACSB: 2 Ethical reasoning	2
AACSB: 2 Ethical reasoning; 3 Analytical skills	1
AACSB: 3 Analytical skills	204
AACSB: 3 Analytical skills; 9 Value creation	2
AACSB: 6. Reflective thinking	17
AACSB: 9 Value creation	20
Chapter: 9	262
Difficulty: Easy	150
Difficulty: Hard	27
Difficulty: Medium	85
LearnObj: 1	122
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LearnObj: 3	73
LearnObj: 4	7
LearnObj: 5	9
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Perreault - Chapter 09	263
Question Type: Application	44
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Question Type: Definition	105
Question Type: Integrating	5
Question Type: LearnAid	10
Question Type: Self-Test	10
Self-Test: No	242
Self-Test: Self-Test	10
Self-Test: Self-Test & Learn Aid	10