

ch18

Student: _____

1. When evaluating marketing, it is best to evaluate micro-marketing and macro-marketing separately.
True False
2. In the United States, the aim of the economic system has been to satisfy consumers' needs as they--the consumers--see them.
True False
3. In the United States, the basic objective of our market-directed economic system has been to satisfy consumer needs as they, the consumers, see them.
True False
4. The American Customer Satisfaction index makes it possible to track changes in consumer satisfaction measures over time and even allows comparison among countries.
True False
5. Looking at the "average" satisfaction of a whole society does not provide a complete picture for evaluating macro-marketing effectiveness.
True False
6. At the macro level, consumer satisfaction is difficult to measure and interpret so any evaluation is in part subjective.
True False
7. At the macro level, consumer satisfaction can easily and objectively be measured using practical economic methods.
True False
8. Evaluating marketing effectiveness is impossible.
True False
9. Evaluating marketing effectiveness of an individual firm is difficult, but not impossible.
True False
10. Consumer satisfaction at the micro level cannot be measured because firms cannot determine how well their products satisfy customers.
True False

11. According to the text, micro-marketing does NOT cost too much in the United States--but macro-marketing often DOES cost too much.

True False

12. The fact that many firms are too production-oriented and inefficient is one reason why so many new products fail.

True False

13. Micro-marketing often does cost too much because many firms improperly blend the four Ps and misunderstand both their customers and the marketing environment that affects their operation.

True False

14. Using total quality management to implement marketing plans is one way to improve a marketing mix.

True False

15. Making sure that the benefits a customer receives from a marketing mix exceed the customer's costs of obtaining those benefits is one way to gain a competitive advantage.

True False

16. There are many reasons for business failures including products that do not create value in the eyes of the customer, improperly identifying the target market, or lack of innovative thinking.

True False

17. Thanks to much publicity, the marketing concept is now practiced by all firms.

True False

18. Micro-marketing efforts help the economy grow by stimulating innovation.

True False

19. Monopolistic competition is the result of control of markets by business, not consumer demands.

True False

20. Monopolistic competition is caused by customer preferences, not business manipulation of markets.

True False

21. Monopolistic competition may result in high costs--and therefore it does not do a good job of serving consumers the way they want to be served.

True False

22. Advertising is probably the most criticized of all micro-marketing activities.

True False

23. Advertising can increase demand for the product resulting in economies of scale in manufacturing, distribution, and sales.
- True False
24. Firms can manipulate consumers to buy anything the company chooses to produce.
- True False
25. According to the text, the proper function of marketing is to persuade consumers to buy what firms want to sell.
- True False
26. A marketing manager who is willing to spend enough on persuasive promotion can usually get consumers to buy anything the company chooses to produce.
- True False
27. People have always been materialistic, even in the most primitive societies.
- True False
28. The text argues that the plight of the homeless is a result of the forces of market competition in our market-directed economies.
- True False
29. A firm usually has more different strategy possibilities than it can pursue, so it must use screening criteria to help eliminate those strategies not well-suited to the firm.
- True False
30. A S.W.O.T. analysis identifies the "special weapons or tactics" used by the competitor in a product-market that has the most profitable marketing mix.
- True False
31. S.W.O.T. analysis is based on the idea that one of the best ways to develop a strategy is to identify and copy the marketing "strategies, weapons, outlook, and tactics" of the firm's most effective competitor.
- True False
32. A good S.W.O.T. analysis helps a manager focus on a strategy that takes advantages of the firm's opportunities and strengths while avoiding its weaknesses and threats to its success.
- True False
33. The letters in "S.W.O.T. analysis" are an abbreviation for the first letters of the words "strengths, weaknesses, opportunities, and threats."
- True False

34. The letters in "S.W.O.T. analysis" are an abbreviation for the first letters of the words "special weapons or tactics."

True False

35. A S.W.O.T. analysis is not necessary if the firm is considering entering an established market that is already served by competitors.

True False

36. The job of integrating the four Ps strategy decisions is the responsibility of the company controller since the money to do so much be available.

True False

37. Blending the four Ps is easy since fully understanding the needs and attitudes of a target market is a straightforward process.

True False

38. A marketing plan usually spells out the time schedule for a marketing strategy as well as the time-related details.

True False

39. A marketing plan should contain specific information like costs and sales forecasts, but not background information about customers, competitors, or the company's resources.

True False

40. A good marketing plan will work well throughout the different stages of the product life cycle.

True False

41. A good business manager should adhere to the idea "if it ain't broke, don't fix it."

True False

42. The text argues that international competition will actually improve macro-marketing systems worldwide.

True False

43. Good marketing managers put themselves in the customer's position.

True False

44. Environmental problems pose a major hazard to society and they are a particular threat to many firms working in the environmental engineering and management industry.

True False

45. The cost of environmental damage is now a measured cost of most firms that is passed along to consumers.

True False

46. Technology is making it harder to abuse consumers' rights to privacy.

True False

47. One of the disadvantages of a market-directed economic system is that it does not operate automatically and requires careful government oversight.

True False

48. The legal environment sets the maximum standards of ethical behavior in a society.

True False

49. The legal environment sets the minimum standards of ethical behavior in a society.

True False

50. Consumers--as well as business firms--should behave in a more socially responsible manner to improve the performance of our macro-marketing system.

True False

51. According to a survey of workers, almost half of them have admitted to taking some type of unethical or illegal action in the recent past.

True False

52. Consumers have a responsibility to preserve an effective macro-marketing system.

True False

53. Given the nature of marketing--and the kinds of criticism it typically gets--marketing should be evaluated:

- A. at both the micro and the macro level.
- B. mainly at the macro level.
- C. mainly at the micro level.
- D. None of the above.

54. When evaluating the effectiveness of the macro-marketing systems of different countries:

- A. the evaluation should be limited to basic economic objectives which are common across countries.
- B. the best approach is to see if firms are making a profit.
- C. it doesn't make sense to try to compare the effectiveness of systems for different nations that have different objectives.
- D. the evaluation should be based on how well each system satisfies consumers' needs as they--the consumers--see them.
- E. All of the above are true.

55. The basic objective of the U.S. market-directed economic system is to:

- A. minimize inflation.
- B. satisfy consumer needs as they--the consumers--see them.
- C. provide each person with an equal share of the economic output.
- D. achieve an annual growth rate of at least 10 percent.
- E. make the most efficient use of the country's resources.

56. The basic objective of the U.S. market-directed economic system is to:
- A. ensure the survival of business firms.
 - B. find a reasonable balance between consumer satisfaction and business profits.
 - C. reduce the cost of marketing activities.
 - D. satisfy consumer needs as the consumers themselves see them.
 - E. satisfy consumer needs as seen by marketing managers.
57. In the United States, the basic objective of the market-directed economic system has been:
- A. Providing everyday low prices.
 - B. Immediate delivery of products.
 - C. Offering easy financing.
 - D. Consumer satisfaction.
 - E. Making advertising memorable.
58. Given the U.S. economy's basic objective, the best measure of the effectiveness of the U.S. macro-marketing system is:
- A. GDP growth.
 - B. the equality of income distribution.
 - C. how efficiently resources are used.
 - D. how many new products are introduced.
 - E. the level of consumer satisfaction.
59. Given the American economy's basic objective of meeting consumers' needs as THEY--the consumers--see them, it is sensible to evaluate our MACRO-marketing system in terms of:
- A. the level of consumer satisfaction.
 - B. how efficiently our resources are used.
 - C. the value of the inputs to the system.
 - D. our standard of living--as measured by GNI.
 - E. total business profits.
60. A measure of overall consumer satisfaction in the United States, created by researchers at the University Michigan, and called the _____ is based on the results of regular interviews with thousands of customers.
- A. Index of Consumer Confidence.
 - B. United States Customer Satisfaction Index.
 - C. American Customer Satisfaction Index.
 - D. Survey of Consumer Sentiment.
 - E. Gallup Poll.
61. In measuring consumer satisfaction, marketing managers should remember that:
- A. Customer satisfaction is a highly personal concept.
 - B. Consumer expectations and aspirations tend to remain the same over time.
 - C. Looking at the average level of satisfaction for a whole society provides a precise description of macro-marketing effectiveness.
 - D. Evaluations of macro-marketing effectiveness are purely objective in that they are based on tabulated survey results.
 - E. All of the above.

62. Measuring macro consumer satisfaction:

- A. is easy--just add up all the marketing mixes.
- B. is difficult because consumer satisfaction depends on the level of consumer aspiration.
- C. must be done quantitatively.
- D. uses MIS techniques.
- E. None of the above is true.

63. Consumer satisfaction:

- A. is a highly reliable standard for evaluating macro-marketing effectiveness.
- B. is easy to measure because it is a highly personal concept.
- C. is the objective of all macro-marketing systems.
- D. depends on consumers' level of expectation.
- E. None of the above is true.

64. Consumer satisfaction:

- A. is the basic objective of all economic systems.
- B. is easier to measure at the macro-level than at the micro-level.
- C. depends on one's own expectations and aspirations.
- D. is hard to define.
- E. is totally unrelated to company profits.

65. When evaluating macro-marketing:

- A. the evaluation is necessarily subjective.
- B. the best approach is to consider the profit generated by individual firms within the overall system.
- C. one must determine how efficiently the society's resources are used.
- D. one must consider each individual firm's role in the marketing system.
- E. All of the above are true.

66. MACRO-marketing:

- A. is probably best evaluated by how individual consumer-citizens vote.
- B. can be evaluated with quantitative measures of consumer satisfaction.
- C. is concerned with how efficiently individual companies use their resources.
- D. is easier to evaluate than micro-marketing.
- E. All of the above.

67. MICRO-marketing effectiveness is _____ to measure than MACRO-marketing effectiveness.

- A. harder
- B. not any easier or harder
- C. easier

68. MICRO-marketing effectiveness can be measured by:

- A. the profits of business firms.
- B. the opinions of intermediaries.
- C. consumer complaints.
- D. attitude research studies.
- E. All of the above.

69. A national restaurant chain encourages its customers to use its website as a means of providing comments about their experiences at the chain's locations. This website is one way of measuring:
- A. Macro-marketing effectiveness.
 - B. The effectiveness of competition.
 - C. Employee empowerment.
 - D. Micro-marketing effectiveness.
 - E. None of the above.
70. In the U.S. market-directed system, it is up to each _____ to decide how effectively individual firms satisfy the consumer's needs.
- A. market research consultant
 - B. customer
 - C. manufacturer
 - D. advertising agency
 - E. salesperson
71. _____ can be used as a rough measure of a firm's efficiency in satisfying customers.
- A. Production
 - B. The marketing mix
 - C. Profits
 - D. Macro-marketing
 - E. Returns
72. Satisfaction with a firm's marketing efforts can be roughly measured by
- A. its profit.
 - B. the firm's impact on the macro-marketing system.
 - C. the size of its target markets.
 - D. All of the above are true.
 - E. None of the above is true.
73. According to the text:
- A. both micro-marketing and macro-marketing usually cost too much.
 - B. neither micro-marketing nor macro-marketing costs too much.
 - C. macro-marketing costs too much in the United States.
 - D. micro-marketing frequently costs too much.
74. Which of the following statements about marketing does the text make?
- A. Micro-marketing never costs too much.
 - B. Macro-marketing does not cost too much.
 - C. Marketing is not needed in all modern economies.
 - D. Micro-marketing always costs too much.
 - E. Macro-marketing does cost too much.

75. According to the text:

- A. macro-marketing costs too much in the United States--given the current objective.
- B. marketing never costs too much.
- C. micro-marketing often does cost too much.
- D. micro-marketing always costs too much.
- E. all macro-marketing systems cost too much.

76. The authors of the text contend that:

- A. Both micro- and macro-marketing cost too much.
- B. Neither micro- or macro-marketing costs too much.
- C. Micro-marketing often does cost too much, but macro-marketing does not.
- D. Micro-marketing does not cost too much, but macro-marketing does.
- E. None of the above.

77. Which of the following statements is true?

- A. Research shows that many customers are not satisfied and feel that companies do not deliver on their promises.
- B. Research shows that most customers are somewhat satisfied and feel that companies usually deliver on their promises.
- C. Research shows that most customers are satisfied and feel that companies deliver on their promises.

78. A study revealed that when consumers are dissatisfied with a product or an individual business

- A. most of their complaints are fully resolved--if they are just reported.
- B. a majority of their complaints are never reported.
- C. a marketing manager should just ignore most complaints because they are the result of dealing with consumers.
- D. All of the above are true.
- E. None of the above is true.

79. A marketing manager should

- A. know that most consumer complaints do not require a response because the consumer's dissatisfaction is beyond the control of the firm.
- B. recognize that many consumers who complain are trouble makers and that not much can or should be done about their complaints.
- C. assume that most customers who are dissatisfied will complain, but that people who are satisfied will be silent.
- D. be concerned that many of the complaints that are reported are never resolved.
- E. recognize that a "complaint" box isn't needed if the firm is really market-oriented in the first place.

80. Marketing inefficiencies are due to all of the following reasons EXCEPT

- A. lack of interest in the customer.
- B. improper blending of the four Ps.
- C. lack of understanding of the marketing environment.
- D. listening too closely to the "voice of the customer."
- E. lack of understanding of the fickle customer.

81. Which of the following does NOT support the idea that "MICRO-marketing often DOES cost too much"?
- A. Many firms focus exclusively on their own internal problems.
 - B. Distribution channels may be selected on the basis of personal preferences.
 - C. Product planners frequently develop "me-too" products.
 - D. Costly promotion may try to compensate for a weak marketing mix.
 - E. Many firms try to maximize profits.
82. Micro-marketing may cost too much because:
- A. firms fail to identify new target markets.
 - B. prices are frequently set on a cost-plus basis.
 - C. promotion is sometimes seen as a substitute for product quality.
 - D. All of the above are true statements.
 - E. None of the above--marketing never costs too much!
83. According to the text, micro-marketing may cost too much because:
- A. too many managers seize on whatever strategy seems easiest.
 - B. too many managers are slow and bureaucratic
 - C. too many managers jump on the "what's new" bandwagon without a strategy that ensures customer satisfaction and company profits.
 - D. All of the above are correct.
 - E. None of the above--marketing never costs too much!
84. MICRO-marketing will probably continue to cost too much as long as:
- A. the marketing concept is not accepted.
 - B. firms fail to identify new opportunities.
 - C. firms do "mass marketing."
 - D. some managers believe that anyone can run a business successfully.
 - E. All of the above.
85. Which of the following is NOT an explanation for why MICRO-marketing may cost too much in some firms?
- A. Some managers make decisions as if customers are eagerly awaiting any product they produce.
 - B. Production managers focus on designing products that are easy to make.
 - C. Financial managers reduce finished-product inventories and force "out of stock" situations.
 - D. Marketing managers do target marketing.
 - E. Some managers don't see a business as a "total system" focused on customers.
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 - B. Many firms focus exclusively on their own internal problems.
 - C. Many firms try to maximize profits.
 - D. All of the above.
 - E. None of the above.
88. The reason that MICRO-marketing costs too much in many firms is that:
- A. the marketing concept has not been accepted and implemented.
 - B. most new products are not necessary to meet competition.
 - C. marketing is not really needed.
 - D. advertising is usually ineffective.
 - E. None of the above--marketing never costs too much.
89. Which of the following observations provides some hope that micro-marketing is becoming more efficient and effective?
- A. More firms are becoming profit-oriented.
 - B. More firms are becoming production-oriented.
 - C. Fewer firms are becoming customer-oriented.
 - D. Firms are embracing new technologies and diversity.
 - E. None of the above.
90. The text argues that MACRO-marketing in the United States:
- A. costs too much because many consumers are dissatisfied.
 - B. is a growing concept.
 - C. does not cost too much.
 - D. tends to decrease consumer welfare.
 - E. costs too much because satisfying consumers costs too much.
91. Most critics of marketing who argue that marketing managers help create monopoly or monopolistic competition feel this leads to:
- A. restriction of output.
 - B. higher prices.
 - C. reduction in the national income.
 - D. All of the above
 - E. None of the above.
92. In conditions of monopolistic competition, marketing:
- A. may result in lower consumer prices in the long run.
 - B. may contribute to higher profits for successful firms.
 - C. may spur economic growth.
 - D. All of the above are true.
 - E. None of the above is true.

93. To meet the new competition, prices of the old products usually
- A. drop.
 - B. remain unchanged but interest in the product is renewed with vigorous advertising.
 - C. increase.
 - D. are supplemented with coupons.
 - E. increase while being offset with discounts and coupons.
94. Higher profits
- A. promote even allocation of resources.
 - B. encourage large-scale advertising
 - C. increase social responsibility.
 - D. protect competitors from each other.
 - E. attract competition.
95. Which of the following statements about marketing's impact on the economy is False?
- A. Companies force consumers to buy products at exorbitant prices.
 - B. When new products are introduced, the prices of old products often drop.
 - C. Rising profits lead to increased investments and further economic growth.
 - D. Increased profits attract competition.
 - E. Profits begin to drop as new competitors enter a market with similar products.
96. When companies in a market-directed economy try to find "little monopolies" for themselves,
- A. success is likely to attract more competitors--and squeezing of the innovators' profits.
 - B. they will fail.
 - C. this reduces innovation, new investment, and economic growth.
 - D. the allocation of resources will be the same as in a purely competitive economy.
 - E. this forces consumers to buy new--possibly more expensive--products that they do not want.
97. Monopolistic competition--which is typical in our market-directed economy--is caused by:
- A. manipulation of markets by business firms.
 - B. customer preferences.
 - C. consumers' unwillingness to pay for differentiated products.
 - D. All of the above.
 - E. None of the above.
98. The monopolistic competition that is typical of the U.S. economy
- A. always leads to higher prices, but it may not lead to higher consumer satisfaction.
 - B. is a problem because it does not result in products that reflect consumer's social values.
 - C. is the result of consumer preferences.
 - D. is the result of manipulation of markets by business firms.
 - E. All of the above are true.

99. In conditions of monopolistic competition, marketing:

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- B. may contribute to higher profits for successful firms.
- C. may spur economic growth.
- D. All of the above are true.
- E. None of the above is true.

100. _____ is one of the most criticized of all marketing activities.

- A. Packaging.
- B. Advertising.
- C. Placement.
- D. Pricing.
- E. Production.

101. Advertising

- A. always results in higher prices for products.
- B. is a waste of resources.
- C. costs so much that it reduces the chance to achieve economies of scale in production.
- D. guarantees a product's success.
- E. None of the above is true.

102. Regarding our MACRO-marketing system:

- A. consumers would be better off if our macro-marketing system were in pure competition--rather than monopolistic competition.
- B. marketing makes people buy things they don't need.
- C. advertising can actually lower final consumer prices--if it helps achieve economies of scale.
- D. monopolistic competition leads to higher prices, restriction of output, a waste of resources, and greater consumer dissatisfaction.
- E. All of the above.

103. Regarding our MACRO-marketing system, advertising:

- A. creates jobs and raises personal incomes.
- B. may lower final consumer prices if it results in economies of scale.
- C. encourages innovation.
- D. stimulates investment and generates economic growth.
- E. All of the above.

104. The text concludes that:

- A. advertising is a poor use of resources.
- B. advertising can actually result in lower prices to the consumer.
- C. marketing makes people buy things they don't need.
- D. marketing makes people materialistic.
- E. marketing's job is just to satisfy the consumer wants which exist at any point in time.

105. According to your text, critics of advertising

- A. argue that it lowers consumer prices--and thus results in "less than satisfactory" profits for firms.
- B. often overrate the positive effect that monopolistic competition can have on the economy.
- C. who think that a lot of advertising is annoying simply don't know what they're talking about.
- D. claim that firms use clever ads to persuade consumers to buy whatever the firms want to sell.
- E. base their evaluation on fears that advertising increases economies of scale.

106. The Xtreme Football League (XFL) was launched in 2001 by Vince McMahon, chairman of World Wrestling Entertainment (WWE). It was designed to provide professional football to American sports fans in the months after the conclusion of the National Football League (NFL) season. In spite of heavy promotion, lots of advertising, and a national network television contract, the XFL was a classic product failure, largely because the quality of play was not good enough to satisfy most football fans. The league evaporated after one season. This type of failure refutes the frequent claim of critics that advertising:

- A. Makes people materialistic.
- B. Elevates the wrong values.
- C. Manipulates consumers to buy anything a company chooses to produce.
- D. Leads to higher prices.
- E. All of the above.

107. Regarding our MACRO-marketing system:

- A. marketing makes people materialistic by creating "false values."
- B. advertising generally raises prices and wastes resources.
- C. marketing tries to satisfy "unwanted demand" rather than "genuine wants."
- D. satisfying consumer needs and wants is a dynamic, on-going process.
- E. none of the above.

108. Marketing:

- A. creates materialistic values which did not exist before.
- B. turns consumers into puppets.
- C. reflects existing social values in the short run--while reinforcing these values in the long run.
- D. All of the above.
- E. None of the above.

109. Which of the following statements regarding marketing's influence on values is False?

- A. Many companies refuse to use ads that would be offensive to their target customers.
- B. Marketing never elevates the wrong values.
- C. Many companies work hard to determine their customers' beliefs and values.
- D. Marketing tends to reflect social values in the short run.
- E. Marketing tends to reinforce and enhance social values in the long run.

110. An objective of our MACRO-marketing system should be to:

- A. eliminate monopolistic competition.
- B. eliminate materialism.
- C. satisfy only the minimum material requirements of life.
- D. eliminate advertising, which will lower prices.
- E. continually seek more satisfying solutions to consumer problems.

111. A market-directed economy

- A. ensures that voters and politicians agree which problem has to be solved first.
- B. concentrates solely on profit generation.
- C. guarantees that government aid programs are effective.
- D. spreads income evenly among the population.
- E. makes efficient use of resources.

112. Regarding marketing strategy planning:

- A. Managers usually know all they need to know about the needs and attitudes of their target markets.
- B. Competitors do not force a firm to shift its marketing mix.
- C. Changes in the dimensions of the marketing environment have no effect on a firm's marketing mix.
- D. The lack of a complete understanding of the target market can make it difficult to combine the four Ps into a suitable marketing mix.
- E. None of the above.

113. A S.W.O.T. analysis

- A. should help a manager develop a strategy that leads to a competitive advantage.
- B. seeks to improve strategy planning by "scanning for warnings, omens, and tips" about competitors' plans.
- C. is not necessary if competitors have already entered the market.
- D. defends against potential competitive threats by planning specific "safeguards, weapons, or tactics."
- E. None of the above is a good answer.

114. A S.W.O.T. analysis can help a marketing manager:

- A. develop a competitive advantage.
- B. define what business and markets the firm wants to compete in.
- C. narrow down to a specific target market and marketing mix from the many alternatives available.
- D. see the pros and cons of different possible strategies.
- E. all of the above.

115. A S.W.O.T. analysis

- A. seeks to reduce the risk of competitive surprises by scanning the market for "signals, warnings, omens, and tips."
- B. focuses on what a firm plans to do to "satisfy wishes of a target" customer.
- C. summarizes a firm's "strategy, wishes (of its customers), outlook, and tactics."
- D. helps defend against potential competitors by developing a set of competitive "safeguards, weapons, offensives, and tactics."
- E. identifies a firm's "strengths, weaknesses, opportunities, and threats."

116. Ideally, the ingredients of a good marketing mix should:

- A. flow logically from all the relevant dimensions of a target market.
- B. match the ingredients typically used by key competitors.
- C. be determined by which ingredients cost the least.
- D. not include much advertising because it's expensive.
- E. All of the above are true.

117. Offering a marketing mix that is like what is available from competitors usually

- A. doesn't provide superior value.
- B. reveals where customers are located.
- C. amounts to a feasible strategy.
- D. offers a competitive advantage.
- E. provides differentiation for the seller.

118. Marketing strategy planning is difficult for marketing managers because:

- A. they rarely know enough about the needs and attitudes of their target markets.
- B. other dimensions of the marketing environment may force changes in possible marketing mixes.
- C. proposed plans for each of the "four Ps" have to be blended together.
- D. competitors are usually trying to satisfy the same or similar needs.
- E. All of the above are true.

119. The marketing manager:

- A. Must make independent decisions and assemble them into a marketing mix.
- B. Must creatively blend the four Ps so the firm develops the best mix for the target market.
- C. Must integrate the ideas of specialists, such as the product manager, advertising manager, and sales manager.
- D. Must make sure that each marketing mix decision works well with the others.
- E. All of the above.

120. Regarding marketing strategy planning:

- A. marketing managers seldom know everything they would like to know about the needs and attitudes of their target markets.
- B. marketing managers implement marketing STRATEGIES--NOT marketing plans.
- C. the marketing environment may force marketing managers to change target markets--but their marketing mixes usually are not affected.
- D. it is easier in large firms because marketing managers can count on specialists to plan each of the "four Ps."
- E. All of the above are true.

121. A product strategy decision includes all of the following except:

- A. Benefits.
- B. Exposure.
- C. Features.
- D. Quality.
- E. Warranty.

122. Which of the following area does not relate to "Place" in the Four Ps?

- A. Market exposure
- B. Managing channels
- C. Kinds and locations of stores
- D. Branding
- E. Kinds of intermediaries

123. Flexibility, geographic terms, and allowances are all related to

- A. price.
- B. product.
- C. promotion.
- D. place.
- E. price and product.

124. In the development of a marketing plan, blending the marketing mix would not generally involve

- A. predicting future behavior.
- B. product classes.
- C. strategy planning process.
- D. product life cycle.
- E. understanding the target market.

125. Which of the following statements about putting together an innovative marketing plan is True?

- A. The marketing plan blends the elements of the marketing mix.
- B. The marketing plan forecasts the size of the target market and potential sales.
- C. The marketing plan includes implementation plans.
- D. All of the above.
- E. A and B only.

126. Developing a "marketing plan:"

- A. means selecting a target market and developing a marketing mix.
- B. involves nothing more than assembling the four Ps better than your competitors.
- C. is easy--and profits are virtually guaranteed--provided that a firm fully understands the needs and attitudes of its target market.
- D. All of the above are true statements.
- E. None of the above is a true statement.

127. A marketing plan:

- A. is a combination of several marketing strategies.
- B. must cover a one-year period.
- C. consists of a target market and an appropriate marketing mix.
- D. includes the time-related details for implementing a marketing strategy.
- E. All of the above.

128. The main difference between a "strategy" and a "marketing plan" is:

- A. that a plan does not consider the firm's target market.
- B. that a plan includes several strategies.
- C. that time-related details are included in a plan.
- D. that resource commitments are made more clear in a strategy.
- E. There is no difference.

129. A marketing plan should be developed for a:

- A. five-year period.
- B. year.
- C. quarter.
- D. month.
- E. Any of the above--depending on the situation.

130. Regarding timing, a marketing plan:

- A. Could cover as short a time period as a few months.
- B. Is usually vague about time-related details.
- C. Could cover as long a time period as several years.
- D. All of the above.
- E. Both A and C.

131. As a product moves through its product life cycle stages:

- A. price cutting tends to decrease.
- B. competition tends to move toward monopoly.
- C. distribution moves from intensive to selective.
- D. promotion tends to become less informative and more persuasive.
- E. All of the above.

132. As a product moves through its product life cycle stages:

- A. consumers are offered less product variety.
- B. distribution tends to become more and more exclusive.
- C. competition forces firms to skim instead of just meeting competition.
- D. the promotion emphasis is on building selective demand.

133. As a product moves from the early to the later stages of the product life cycle:

- A. distribution moves toward being more intensive.
- B. firms either cut prices or just meet competition.
- C. promotion becomes frantically competitive.
- D. products tend to become more similar.
- E. All of the above.

134. When developing a marketing plan for a new product that is about to enter the market introduction stage of its product life cycle, a marketing manager should:

- A. plan to change the marketing strategy every six months.
- B. choose the best possible marketing strategy and stay with it throughout its product life cycle.
- C. plan to sell the product until its whole life cycle is over.
- D. plan to change the marketing strategy as the product moves through its life cycle.
- E. change the marketing strategy only when the marketing environment changes.

135. Marie Callender has developed a new brand of frozen dinners to compete with the well-established brands. It probably should use a marketing mix of:
- A. exclusive distribution, skimming pricing, and persuasive advertising.
 - B. intensive distribution, introductory price dealing, selective demand advertising, and a combined "push" and "pull" policy.
 - C. intensive distribution, price cutting, reminder advertising, and a "pull" policy.
 - D. selective distribution, penetration pricing, pioneering advertising, and a "push" policy.
 - E. selective distribution, skimming pricing, selective demand advertising, and a "push" policy.
136. Pioneer has developed a really new consumer electronics item--a heterogeneous shopping product with unique patented features. It probably should use a marketing mix of:
- A. exclusive distribution, price cutting, reminder advertising, and a "push" policy.
 - B. exclusive distribution, penetration pricing, informative and persuasive advertising, and a "pull" policy.
 - C. selective distribution, skimming pricing, pioneering advertising, and a "push" policy.
 - D. selective distribution, penetration pricing, persuasive advertising, and a "pull" policy.
 - E. intensive distribution, persuasive advertising, price dealing, and a "push" policy.
137. Which of the following might be sections in a marketing plan?
- A. Competitor analysis.
 - B. Customer analysis.
 - C. Marketing strategy.
 - D. Situation analysis.
 - E. All of the above.
138. A marketing plan that included sections on transportation requirements, inventory product-handling requirements, and facility requirements would include those sections under the area of _____.
- A. promotion.
 - B. price.
 - C. place.
 - D. product.
 - E. personnel.
139. In a marketing plan, which of the following would not be included in the Promotion area?
- A. advertising.
 - B. packaging.
 - C. personal selling.
 - D. sales promotion.
 - E. publicity.
140. As consumers shift their support to firms that do meet their needs,
- A. laggard businesses are forced to either improve or get out of the way.
 - B. firms should try to woo new customers.
 - C. firms must immediately adopt their competitors' strategies.
 - D. firms should adhere to the idea that "if it ain't broke, don't fix it."
 - E. firms should increase promotional expenditure.

141.Regarding the challenges facing marketers, the text suggests that:

- A. government planners should play a major role in deciding what product choices consumers should have.
- B. continued growth of GDP is one favorable change in our macro-marketing system that a marketing manager can count on.
- C. there is likely to be much less regulation of marketing in the future, especially in regard to consumer privacy.
- D.marketers should look for ways to improve a strategy even before there's reason to believe that something needs to be fixed.
- E. All of the above are true.

142.Which of the following statements DOES NOT indicate that a marketing manager is about to make a serious mistake?

- A. "When it comes to my marketing strategy, if it ain't broke, don't fix it."
- B. "International competition is just a fad. We can ignore it."
- C. "I leave marketing applications of technology to the information technology staff. There's no need for me to learn about them."
- D. "I try to place myself in the position of the consumer and do unto others as I would have them do unto me."
- E "My job is to sell products. If they happen to damage the environment because a consumer doesn't . dispose of them properly, that's not my problem."

143.Which of the following statements about future trends in marketing is True?

- A Marketers should welcome international competition because it will speed the adoption of marketing . innovations that improve people's lives.
- B. Marketers need to come to conclusions about the proper uses of technology.
- C. Marketers need to be aware of their responsibilities to the broader society.
- D. Marketers must be sensitive to consumers' rights and privacy.
- E. All of the above.

144.The future poses many challenges for marketing managers because:

- A. international competition makes it even harder to gain a competitive advantage.
- B. consumers' rights of privacy are harder to protect.
- C. long-run consumer welfare is becoming more important.
- D. environmental damage is no longer a hidden cost.
- E. all of the above.

145.Which of the following is a key trend affecting marketing strategy planning?

- A. Senior and ethnic submarkets are getting smaller.
- B. Slower new-product development.
- C. Less use of technology in personal selling.
- D. Less international market development.
- E. Growth of marketing information systems.

146. Which of the following is NOT a trend that is affecting marketing strategy planning?

- A. growth of JIT and ECR.
- B. more international market development.
- C. less attention to distribution service.
- D. more attention to quality.
- E. faster new-product development.

147. Which of the following is NOT a trend that is affecting marketing strategy planning?

- A. more attention to targeted media.
- B. focus on lower stockturns at higher margins.
- C. slower real income growth in U.S.
- D. growth of mass-merchandising.
- E. growth of larger, more powerful retail chains.

148. Which of the following is NOT a trend that is affecting marketing strategy planning?

- A. fewer vertical marketing systems.
- B. geographic shifts in population.
- C. more attention to service technologies.
- D. growing role of cross-channel logistics coordination.
- E. greater use of database-directed promotion.

149. Which of the following is NOT a current trend affecting marketing strategy planning?

- A. growth of interactive agencies.
- B. less regulation of business.
- C. growth of MIS and DSS systems.
- D. declining use of interactive bidding and proposal requests in organizational purchasing.
- E. aging of the baby boomers.

150. Which of the following is a NOT a key trend affecting marketing strategy planning?

- A. Aging of the baby boomer population.
- B. More selling via the Internet.
- C. Less use of integrated marketing communications.
- D. More electronic bid pricing and auctions.
- E. More attention to quality.

151. Which of the following is NOT a current trend affecting marketing strategy planning?

- A. more attention to environmental issues.
- B. growth of ethnic submarkets.
- C. growth of product placement promotion.
- D. growth of senior citizen submarket.
- E. shift from an emphasis on exporting of current products to diversification.

152. Which of the following is NOT a current trend affecting marketing strategy planning?

- A. slower new-product development.
- B. growth of value pricing.
- C. HTML e-mail and instant messaging.
- D. more attention to profitability, not just sales.
- E. international expansion by retailers.

153. Which of the following is not a current trend affecting marketing strategy planning?

- A. popularity of the Internet and intranets.
- B. less use of single source data and scanner panels.
- C. more attention to quality.
- D. greater use of rapid response, JIT, and ECR.
- E. move toward integrated marketing communications.

154. Which of the following is NOT a trend affecting marketing strategy planning in the area of Demographic Patterns?

- A. Explosion in senior and ethnic submarkets.
- B. Higher real income growth in U.S.
- C. Geographic shifts in population.
- D. Aging of the baby boomers.
- E. Population growth slowdown in U.S.

155. Which of the following is NOT a trend affecting marketing planning strategy in the area of Business and Organizational Customers?

- A. Shift to NAICS.
- B. Closer relationships and single sourcing.
- C. ISO 9000.
- D. Less use of e-commerce and supply chain management.
- E. More use of JIT and EDI.

156. Which of the following is NOT a trend affecting marketing strategy planning in the Product area?

- A. More attention to quality.
- B. Slower new-product development.
- C. More attention to service technologies.
- D. R&D teams with market-driven focus.
- E. More attention to sustainable design.

157. Which of the following is NOT a trend affecting marketing strategy planning in the area of Channels and Logistics?

- A. Growth of Internet selling.
- B. More logistics outsourcing.
- C. Less attention to distribution service.
- D. More vertical marketing systems.
- E. Growth of mass-merchandising.

158. Which of the following is NOT a trend affecting marketing strategy planning in the area of Sales Promotion?

- A. Database-directed promotion.
- B. More event sponsorships.
- C. Fewer customer loyalty programs.
- D. More product placement.
- E. Point-of-purchase promotion.

159. Which of the following is NOT a trend affecting marketing strategy planning in the area of Mass Selling?

- A. Changing agency compensation
- B. Less direct-response promotion
- C. Integrated marketing communications
- D. Growth of interactive agencies
- E. More targeted media

160. Which of the following is NOT a trend affecting marketing strategy planning in the Pricing area?

- A. Overuse of sales and deals.
- B. More attention to exchange rate effects.
- C. Spreadsheets for marginal analysis.
- D. Increasing use of electronic bidding and auctions.
- E. Decreasing use of value pricing.

161. Which of the following is NOT a trend affecting marketing strategy planning in the area of International Marketing?

- A. Tensions between "have" and "have-not" cultures.
- B. More attention to exporting by small companies.
- C. Global communication over the Internet.
- D. Decreasing role of airfreight.
- E. Impact of "pop" cultures on traditional cultures.

162. The future poses many challenges for marketing managers because:

- A. new technologies are making it easier to abuse consumers' rights to privacy.
- B. the marketing concept has become obsolete.
- C. it is marketing managers who have full responsibility to preserve our macro-marketing system.
- D. social responsibility applies only to firms--not to consumers.
- E. ultimately it is marketing managers who must determine which products are in the best interests of consumers.

163. Improving both micro-marketing and macro-marketing may require:

- A. tougher enforcement of present laws.
- B. better-informed and more socially responsible consumers.
- C. more attention to consumer privacy.
- D. more social responsibility by businesses.
- E. All of the above.

164.Regarding the laws that place limits on marketing activity:

- A. Managers who ignore consumer attitudes may cause new laws to be enacted or existing laws to be modified.
- B. Some existing laws may need to be modified or enforced more carefully instead of adding new laws.
- C. Strict enforcement of existing laws and heavy penalties could have far-reaching effects on the macro-marketing system.
- D. Laws set the minimum standards for ethical behavior as defined in a society.
- E. All of the above.

165.Which of the following statements about ethical behavior in business is true?

- A. The legal environment sets the highest standards of ethical behavior.
- B. The legal environment sets the maximum standards of ethical behavior.
- C. The legal environment sets the minimum standards of ethical behavior.
- D. The legal environment sets the normative standards of ethical behavior.
- E. None of the above.

166.Which of the following is an unethical behavior on the part of a consumer?

- A. abusing policies about returning goods.
- B. changing price tags in self-service stores.
- C. being abusive to salespeople.
- D. shoplifting.
- E. all of the above.

167.Better performance of our market-directed MACRO-marketing system may require:

- A. newer and tougher laws--because the present laws don't do enough to protect competing firms from each other.
- B. more consumer responsibility.
- C. less emphasis on consumer privacy.
- D. All of the above.
- E. None of the above.

168.Many Internet sites, such as Autobytel.com and Edmunds.com, have extensive information about the prices of new and used vehicles that anyone can use for free. In light of the availability of this information, what is the responsibility of consumers to use it?

- A. Consumers shouldn't use it because it gives them an unfair advantage over car dealers.
- B. Consumers have a responsibility to use the information and be smarter customers.
- C. Consumers can use it, but should not feel a responsibility to do so.
- D. Consumers should not trust any information they receive from any source except the government.
- E. None of the above.

169.Consumerism has encouraged

- A. nutritional labeling.
- B. truth-in-lending.
- C. unit pricing.
- D. plain-language contracts and warranties.
- E. all of the above.

170.If we accept "consumer satisfaction" as the objective of our MACRO-marketing system, this means that:

- A. each consumer should decide how best to satisfy his or her own wants.
- B. government planners should choose the kinds of products to be produced.
- C. "home economists" will be the best judges of what should be produced.
- D. not every consumer should be allowed to decide his or her own wants.
- E. consumer educators should choose what products should be produced.

171.Regarding our MACRO-marketing system, the text suggests that:

- A. consumers' freedom of choice should be reduced--for the good of society.
- B. some changes may be necessary--but consumer-citizens should vote on these changes.
- C. marketing managers should limit consumers' freedom of choice.
- D. All of the above.
- E. None of the above.

172.The best way to improve the operation of our MACRO-marketing system--given the current objectives of our society--is:

- A. to encourage marketing managers to produce only what they feel is good for consumers.
- B. to eliminate intermediaries.
- C. to do better marketing strategy planning and implementation.
- D. to spend more on advertising.
- E. to move toward a command economy.

173.By developing and implementing more effective marketing strategies, a marketing manager can:

- A. improve the profits of a firm.
- B. provide more consumer satisfaction.
- C. reduce the costs of wasted effort by a firm.
- D. contribute to the effectiveness of the MACRO-marketing system.
- E. All of the above.

174.Regarding the roles of marketers and consumers in improving the macro-marketing system:

- A. Marketing managers should not be expected to improve and extend the range of goods and services they make available.
- B. Decisions marketing managers make always increase the choices available to consumers.
- C. Consumer-citizens have the responsibility to vote for laws that place constraints on businesses, if those . businesses harm the ecological system or make excessive demands on scarce resources.
- D. All of the above.
- E. None of the above.

175.Suppose you were able to start new cities on a planet in outer space. Suppose also that these cities will be self-supporting. Further, they will be democratic--with the objective of maximizing consumer welfare--measured by the level of consumer satisfaction. The economic decisions will be made through the "market mechanism." Which of the following statements might be made by some of the settlers?

- A. "The price of food is too high."
- B. "Intermediaries should be eliminated."
- C. "Advertising expenditures are too high."
- D. "Marketing costs too much."
- E. All of the above are likely to be made.

Use the following information to answer questions that refer to the Jewel Craft case.

Jewel Craft, Inc. is a leading producer in the United States women's costume jewelry and accessories market. Its brands are well known and are sold by department stores and better women's stores. Several stores in a city may carry Jewel Craft's brands because most of Jewel Craft's customers will not consider any other brand.

Jewel Craft's sales force calls on one wholesaler in each state. Gemco, Inc., of Boston, Massachusetts, is the Jewel Craft distributor in that state. Gemco stocks and sells women's accessories (noncompeting lines) for several manufacturers like Jewel Craft. Wholesalers are allowed a 20 percent markup by Jewel Craft--but pay the freight charges to their warehouses. Jewel Craft's policy of using one wholesaler per state comes from its desire to control its distribution. Jewel Craft uses national magazine advertising and also supports a cooperative ad program with retailers.

Jewel Craft's prices allow for a 40 percent retail markup--an attractive percent when one considers that Jewel Craft's products require little in-store selling because of their well-established reputation.

Recently, Jewel Craft was approached by a watch producer with the idea of expanding to watches under the Jewel Craft name. It was argued that although national watch sales have leveled off, Jewel Craft could enjoy growing sales for several years because of the fine reputation the company has achieved. If watches are added, Jewel Craft will use its present policies regarding distribution, pricing, and advertising. Further, it will offer the wholesalers and retailers an attractive "package" deal as an incentive to carry Jewel Craft watches. Intermediaries will be required to carry the watches if they wish to handle the jewelry and accessories.

176. Given the information in the Jewel Craft case, jewelry and accessories would be in which product class?

- A. Homogeneous shopping product
- B. Staple product
- C. Convenience product
- D. Impulse product
- E. Specialty product

177. In the Jewel Craft case, Gemco, Inc. is a:

- A. commission merchant.
- B. selling agent.
- C. manufacturers' agent.
- D. merchant wholesaler.
- E. manufacturer's sales branch.

178. Jewel Craft's distribution policy--at the wholesale level--is:

- A. selective distribution.
- B. direct distribution.
- C. exclusive distribution.
- D. intensive distribution.
- E. for the wholesaler to be the channel captain.

179. Jewel Craft's distribution policy--at the retail level--seems to be:

- A. direct distribution.
- B. exclusive distribution.
- C. intensive distribution.
- D. selective distribution.

180. A sales invoice sent by Jewel Craft to Gemco is MOST LIKELY to include the following item:

- A. F.O.B. buyer's warehouse.
- B. F.O.B. seller's factory--freight prepaid.
- C. F.O.B. seller's factory.
- D. F.O.B. delivered.

181. When selling Jewel Craft's jewelry and accessories, a retail clerk's major role usually would be:

- A. missionary selling.
- B. supporting selling.
- C. retailing.
- D. order taking.
- E. order getting.

182. The degree of brand familiarity for Jewel Craft products--among its present consumer buyers--is:

- A. no brand recognition.
- B. brand insistence.
- C. brand preference.
- D. brand rejection.
- E. brand recognition.

183. Jewel Craft's selling price for an item which retails for \$10 would be:

- A. \$5.20.
- B. \$7.00.
- C. \$8.00.
- D. \$6.00.
- E. \$4.80.

184. If Jewel Craft adds the watch line, which federal law might be most directly violated if it carries out its plan to require intermediaries to handle BOTH the watches and the jewelry?

- A. Robinson-Patman Act
- B. Clayton Act
- C. Sherman Act
- D. Wheeler-Lea Amendment
- E. Magnuson-Moss Act

Use this information to answer the following questions that refer to the CPI case.

Conservo Products, Inc. (CPI), with annual sales of \$200 million, is a well-known producer of a variety of paper products, almost all of which are made from recycled materials. Picnic plates account for about 70 percent of CPI's sales. The rest of the firm's sales comes from custom-designed materials--such as box liners and spacers, small boxes, and disposable products--like trays, towels and napkins.

CPI's picnic plates are sold through "sales reps" to grocery wholesalers and retail grocery chains. The sales reps are paid a 5 percent commission on all sales in their assigned territories. They usually handle related--but noncompeting--lines for several other manufacturers. Along with their selling duties, the sales reps help CPI with local advertising and sales promotion efforts.

Orders for the custom products are obtained by area managers who are paid a straight salary to call on business and institutional customers. The area managers are trained paper specialists and often help their customers design the products they order.

The picnic plates are priced to give CPI a 90 percent markup on the cost of producing the product--with the cost figured by taking the total factory cost for the previous year and dividing that total cost by the number of units produced and sold during that period. The firm's invoices read "F.O.B.--Delivered" and "1/10, net 30." Customers are allowed to deduct 3 percent from the face value of the invoice for buying plates in carload quantities, and another 2 percent for advertising them locally.

The custom products are sold "F.O.B. mill"--with CPI offering a price for each job. Competition is strong from many other manufacturers who are able to offer very similar products which meet the customers' specifications.

CPI forecasts that sales will increase to \$250 million by 1999. However, much of this growth is tied to picnic plates--a market in which the firm has about a 7 percent market share and faces aggressive price competition from many smaller firms with greater brand familiarity. Further, CPI has been late with more than 50 percent of its plate orders due to scheduling conflicts with orders for custom products.

185. CPI's product line includes:

- A. only convenience products.
- B. impulse products and natural products.
- C. specialty products and supplies.
- D. shopping products and raw materials.
- E. staple products and component parts.

186. CPI's picnic plates seem to be in the _____ stage of the product life cycle.

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

187. For the picnic plates, CPI seems to be facing:

- A. monopolistic competition approaching pure competition.
- B. a pure monopoly situation.
- C. pure competition.
- D. monopolistic competition approaching pure monopoly.
- E. an oligopoly situation.

188.CPI uses:

- A. a direct-to-customer channel system for all its products.
- B. dual distribution.
- C. an indirect channel system for all its products.
- D. a direct-to-customer channel system for the plates and an indirect channel system for the custom products.
- E. an indirect channel system for the plates and a direct-to-customer channel system for the custom products.

189.The "sales reps" who sell CPI's plates are:

- A. manufacturers' agents.
- B. limited-function wholesalers.
- C. the firm's own order takers.
- D. selling agents.
- E. merchant wholesalers.

190.For its plates, CPI uses _____ pricing.

- A. flexible
- B. demand-oriented
- C. target return
- D. average-cost
- E. penetration

191.CPI offers the grocery wholesalers and retail chains:

- A. cumulative quantity discounts.
- B. cash discounts for paying their bills quickly.
- C. P.M.'s.
- D. brokerage allowances.
- E. All of the above.

192.Regarding shipping costs in the CPI case:

- A. CPI pays the shipping costs for the plates, while its customers pay the shipping costs for the custom products.
- B. CPI uses freight-absorption pricing.
- C. all of CPI's customers take title to the products at the point of loading and pay all shipping costs themselves.
- D. CPI pays the shipping costs for all its customers--keeping title to the products until delivery.
- E. CPI uses zone pricing.

193.For the custom products, CPI uses _____ pricing.

- A. demand-backward
- B. penetration
- C. average-cost
- D. target-return
- E. bid

194.CPI's sales forecasts for picnic plates are not likely to be achieved unless the firm can improve its:

- A. pioneering advertising.
- B. paper coating machines.
- C. below-average product quality.
- D. customer service level.
- E. above-the-market prices.

Use this following information to answer the following questions that refer to the Sure Foot case.

Sure Foot, Ltd. produces high-quality shoes and boots for serious hikers.

Sure Foot's shoes have suggested retail prices ranging from just under \$40 to about \$150. Usually, the retailer buys the shoes for about 50 percent less than the list price, and the retailer pays the freight charges from Sure Foot's plant in Maine. Sure Foot's credit terms are 2/10, net 30. Although Sure Foot's brand appears on every shoe--the firm does very little mass selling, except for a limited program of cooperative advertising and some sales promotion at walking events.

Sure Foot's shoes are carried by "better" sporting goods stores all across the nation--although usually in fairly small quantities. Its main showroom is in Boston, where two salaried salespeople handle most of the firm's large accounts. Sure Foot's products are also sold by seven independent "field reps" who are paid a 5 percent commission on all sales. Each of these field reps is responsible for a several state territory--emphasizing mostly the small stores in or near major cities. The field reps carry Sure Foot's products as a minor line--but none of their lines are competitive with each other.

The walking shoe market is supplied by 7 large firms and 50 or more smaller firms. While these firms are competitive, they do vary their materials, styles, prices, and promotion. The "high-quality" market is supplied by only 5 firms--Sure Foot being the largest. While these firms are also competitive, they generally offer a more limited assortment of materials, styles, and prices because the "high-quality" part of the market is not as large--and does not appear to be growing any more.

195.How are Sure Foot's shoes seen by most of its target market?

- A. Impulse products
- B. Staple products
- C. Heterogeneous shopping products
- D. Homogeneous shopping products
- E. Specialty products

196.Assuming that Sure Foot wants to be in only the "better" stores--and mainly in large metropolitan areas--it seems to be seeking:

- A. selective distribution.
- B. exclusive distribution.
- C. intensive distribution.

197.Sure Foot's "field reps" are:

- A. selling agents.
- B. missionary salespeople.
- C. brokers.
- D. manufacturers' agents.
- E. merchant wholesalers.

198. In the Sure Foot case, the nature of competition in the hiking shoe market is:

- A. monopolistic competition
- B. monopoly
- C. oligopoly
- D. pure competition
- E. Both A and B.

199. Sure Foot's geographic terms are probably:

- A. F.O.B. freight allowed.
- B. F.O.B. buyer's factory.
- C. F.O.B. shipping point.
- D. F.O.B. delivered.
- E. None of the above--Sure Foot uses zone pricing.

200. "Credit terms" of 2/10, net 30 mean that Sure Foot is offering customers a:

- A. functional discount.
- B. quantity discount.
- C. seasonal discount.
- D. cash discount.
- E. cooperative advertising allowance.

201. Sure Foot is probably in what stage of the product life cycle in the "high quality" market?

- A. Market maturity
- B. Market growth
- C. Market introduction
- D. Sales decline

Use this information to answer the following questions that refer to the EI (Electech Inc.) case.

Electech, Inc. (EI) produces a line of semiconductors for electronics products manufacturers. These items range in price from \$5-\$100 and are used in products the buyer is producing. EI also designs and builds computer networking equipment. The prices of these items range from \$5,000 to \$100,000. These are used to control production equipment. Usually, they are custom-made to the specifications of the buyer--the firm which will use the product in its own production process.

EI sells nationally through independent sales reps--paid on commission--who work in the large industrial centers across the country. EI is more concerned with the quality of these reps than with the number of them. All of them also sell other lines. EI also uses five full-time salaried salespeople who work out of its corporate headquarters under a sales manager.

The home office salespeople are "technical specialists" who sell almost all the networking equipment, while the "reps" mostly sell the semiconductors. Sometimes, however, the reps will send in leads to customers who want networking equipment. EI also sells some of its semiconductors through a Los Angeles wholesaler who carries stock for West Coast customers.

There are many producers and importers of semiconductors in the U.S.--but several firms have captured large shares of the networking equipment market. EI has held its own, and in fact, over the past five years has increased its market share of these products to over 25 percent--because of its better technical designs.

Industry-wide prices of the more or less homogeneous semiconductors have been forced further and further down over the last seven years--as have industry profits. The price of networking equipment is set by adding a standard markup percent to the direct cost of the items--for overhead and for profit. Following industry practice, all prices are quoted at the seller's factory.

EI publishes a catalog which is revised periodically. And it exhibits in most equipment trade shows.

202. What kind of products are EI's semiconductors FOR MOST CUSTOMERS?

- A. Supplies
- B. Installations
- C. Component parts
- D. Accessory equipment
- E. Raw materials

203. What kind of products are EI's networking equipment?

- A. Component parts
- B. Accessory equipment
- C. Installations
- D. Raw materials
- E. Supplies

204. EI's independent sales reps are:

- A. selling agents.
- B. rack jobbers.
- C. specialty wholesalers.
- D. manufacturers' agents.
- E. desk jobbers.

205. What kind of distribution is EI seeking for its networking equipment?

- A. Direct distribution
- B. Exclusive distribution
- C. Selective distribution
- D. Intensive distribution

206. In the EI case, what is the nature of competition for networking equipment?

- A. Monopoly
- B. Monopolistic competition
- C. Pure competition
- D. Oligopoly

207. What promotion method is EI using when it publishes catalogs, and exhibits in trade shows?

- A. Sales promotion
- B. Publicity
- C. Advertising
- D. Personal Selling

208. EI's geographic terms are probably:

- A. F.O.B. delivered.
- B. F.O.B. buyer's factory.
- C. F.O.B. freight allowed.
- D. F.O.B. mill.
- E. F.O.B. basing point.

209. In the EI case, which stage of the product life cycle do semiconductors appear to be?

- A. Market maturity
- B. Sales decline
- C. Market introduction
- D. Market growth

Use this information to answer the following questions that refer to the PSI case.

Pump Systems, Inc. (PSI) produces two major kinds of water pumps. The smaller pumps range in price from \$5-\$30, and are used in drinking fountains and soft-drink machines. Most of these pumps are bought by manufacturers of these machines and built into their product. PSI also builds larger pumps used in swimming pools and reservoirs. The prices of these items range from \$250-\$500. These are usually purchased by contractors who build the pools and reservoirs.

PSI sells nationally through sales reps located in the large industrial centers. These reps handle the selling function for PSI in their geographic areas and provide market information. They usually do the same thing for 10 to 20 similar manufacturers of noncompeting products--and are paid on a commission basis.

There are no other producers of the smaller pumps in the United States--because PSI has patent protection. As a result of this, management has decided to follow a policy of pricing high--to maximize profits--while the patent lasts.

Several competitors are in the market for the larger pumps. Industry prices and profits of these pumps have dropped in the past few years as a result of firms trying to increase their market shares. The product design has remained fairly stable over the last few years--and one firm dropped out as it saw that it would lose more money with its "me-too" product. Industry sales are increasing--but at a very slow rate. The price of these products is determined by adding a standard markup percentage to the variable cost of the items--to cover fixed costs and profit. For instance, pump Z has variable costs of \$250 per unit, and a markup of 40 percent of this cost is added to the \$250 to get its selling price. Management has estimated that fixed costs applicable to this product are \$200,000 per year.

PSI publishes a product catalog which is revised annually. Also, it exhibits in most trade shows. PSI follows a policy of charging the same price to all customers--so all will have the same costs at their own plants. All purchases are shipped directly from PSI's factory to its customers--and title passes at PSI's factory.

210. What kind of products are PSI's small pumps to most customers?

- A. Supplies
- B. Component parts
- C. Raw materials
- D. Accessory equipment
- E. Installations

211. In the PSI case, what kind of products are the small pumps for customers who use them to replace worn pumps in their own machines?

- A. Component parts
- B. Raw materials
- C. Accessory equipment
- D. Installations
- E. Supplies

212. PSI's sales reps are:

- A. selling agents.
- B. company salespeople.
- C. full-line merchant wholesalers.
- D. rack jobbers.
- E. manufacturers' agents.

213. What pricing policy does PSI use for its small pumps?

- A. Skimming pricing
- B. Price lining
- C. Target return pricing
- D. Prestige pricing
- E. Penetration pricing

214. What stage in the product life cycle do PSI's large pumps seem to be in?

- A. Market maturity
- B. Sales decline
- C. Market introduction
- D. Market growth

215. What is the contribution to fixed cost and profit of PSI's pump Z?

- A. \$100 per unit
- B. \$75 per unit
- C. \$50 per unit
- D. \$25,000
- E. Cannot be determined unless you know the sales volume.

216. In the PSI case, what is the break-even point for pump Z IN DOLLARS?

- A. \$200,000
- B. \$100,000
- C. \$2,000,000
- D. \$700,000
- E. \$500,000

217. What kind of promotion is PSI using when it publishes catalogs and exhibits in trade shows?

- A. Advertising
- B. Publicity
- C. Sales promotion
- D. Personal selling

ch18 Key

1. When evaluating marketing, it is best to evaluate micro-marketing and macro-marketing separately.
(p. 464)

TRUE

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 18 #1
Question Type: Definition
Self-Test: No

2. In the United States, the aim of the economic system has been to satisfy consumers' needs as they--the consumers--see them.
(p. 464)

TRUE

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 18 #2
Question Type: Definition
Self-Test: No

3. In the United States, the basic objective of our market-directed economic system has been to satisfy consumer needs as they, the consumers, see them.
(p. 464)

TRUE

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 18 #3
Question Type: Comprehension
Self-Test: No

4. The American Customer Satisfaction index makes it possible to track changes in consumer satisfaction measures over time and even allows comparison among countries.
(p. 466-467)

TRUE

AACSB: 9 Value creation
Chapter: 18
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 18 #4
Question Type: Comprehension
Self-Test: No

5. Looking at the "average" satisfaction of a whole society does not provide a complete picture for evaluating macro-marketing effectiveness.
(p. 466)

TRUE

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 18 #5
Question Type: Definition
Self-Test: No

6. At the macro level, consumer satisfaction is difficult to measure and interpret so any evaluation is in part subjective.
(p. 466)

TRUE

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 18 #6
Question Type: Definition
Self-Test: No

7. At the macro level, consumer satisfaction can easily and objectively be measured using practical economic methods.
(p. 466)

FALSE

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 18 #7
Question Type: Definition
Self-Test: No

8. Evaluating marketing effectiveness is impossible.
(p. 466)

FALSE

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 18 #8
Question Type: Comprehension
Self-Test: No

9. Evaluating marketing effectiveness of an individual firm is difficult, but not impossible.
(p. 466)

TRUE

AACSB: 10 Org Dynamics
Chapter: 18
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 18 #9
Question Type: Definition
Self-Test: No

10. Consumer satisfaction at the micro level cannot be measured because firms cannot determine how well their products satisfy customers.
(p. 466-467)

FALSE

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 18 #10
Question Type: Definition
Self-Test: No

11. According to the text, micro-marketing does NOT cost too much in the United States--but macro-marketing often DOES cost too much.
(p. 467)

FALSE

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 18 #11
Question Type: Definition
Self-Test: No

12. The fact that many firms are too production-oriented and inefficient is one reason why so many new products fail.
(p. 467)

TRUE

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 18 #12
Question Type: Definition
Self-Test: No

13. Micro-marketing often does cost too much because many firms improperly blend the four Ps and misunderstand both their customers and the marketing environment that affects their operation.
(p. 468)

TRUE

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 18 #13
Question Type: Definition
Self-Test: No

14. Using total quality management to implement marketing plans is one way to improve a marketing mix.
(p. 468)

TRUE

AACSB: 9 Value creation
Chapter: 18
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 18 #14
Question Type: Definition
Self-Test: No

15. Making sure that the benefits a customer receives from a marketing mix exceed the customer's costs of obtaining those benefits is one way to gain a competitive advantage.
(p. 468)

TRUE

AACSB: 9 Value creation
Chapter: 18
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 18 #15
Question Type: Definition
Self-Test: No

16. There are many reasons for business failures including products that do not create value in the eyes of the customer, improperly identifying the target market, or lack of innovative thinking.
(p. 468)

TRUE

AACSB: 11 Analysis for decisions
Chapter: 18
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 18 #16
Question Type: Definition
Self-Test: No

17. Thanks to much publicity, the marketing concept is now practiced by all firms.
(p. 468)

FALSE

AACSB: 10 Org Dynamics
Chapter: 18
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 18 #17
Question Type: Comprehension
Self-Test: No

18. Micro-marketing efforts help the economy grow by stimulating innovation.
(p. 469)

TRUE

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 18 #18
Question Type: Definition
Self-Test: No

19. Monopolistic competition is the result of control of markets by business, not consumer demands.
(p. 469)

FALSE

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 18 #19
Question Type: Definition
Self-Test: No

20. Monopolistic competition is caused by customer preferences, not business manipulation of markets.
(p. 469)

TRUE

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 18 #20
Question Type: Definition
Self-Test: No

21. Monopolistic competition may result in high costs--and therefore it does not do a good job of serving consumers the way they want to be served.
(p. 469)

FALSE

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 18 #21
Question Type: Definition
Self-Test: No

22. Advertising is probably the most criticized of all micro-marketing activities.
(p. 470)

TRUE

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 18 #22
Question Type: Definition
Self-Test: No

23. Advertising can increase demand for the product resulting in economies of scale in manufacturing, distribution, and sales.
(p. 470)

TRUE

AACSB: 9 Value creation
Chapter: 18
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 18 #23
Question Type: Comprehension
Self-Test: No

24. Firms can manipulate consumers to buy anything the company chooses to produce.
(p. 470)

FALSE

AACSB: 2 Ethical reasoning
Chapter: 18
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 18 #24
Question Type: Comprehension
Self-Test: No

25. According to the text, the proper function of marketing is to persuade consumers to buy what firms want to sell.
(p. 470)

FALSE

AACSB: 10 Org Dynamics
Chapter: 18
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 18 #25
Question Type: Definition
Self-Test: No

26. A marketing manager who is willing to spend enough on persuasive promotion can usually get consumers to buy anything the company chooses to produce.
(p. 470)

FALSE

AACSB: 8 Financial; 9 Value creation
Chapter: 18
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 18 #26
Question Type: Definition
Self-Test: No

27. People have always been materialistic, even in the most primitive societies.
(p. 470)

TRUE

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 18 #27
Question Type: Definition
Self-Test: No

28. The text argues that the plight of the homeless is a result of the forces of market competition in our market-directed economies.
(p. 471)

FALSE

AACSB: 7 Responsibilities
Chapter: 18
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 18 #28
Question Type: Definition
Self-Test: No

29. A firm usually has more different strategy possibilities than it can pursue, so it must use screening criteria to help eliminate those strategies not well-suited to the firm.
(p. 472)

TRUE

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 18 #29
Question Type: Comprehension
Self-Test: No

30. A S.W.O.T. analysis identifies the "special weapons or tactics" used by the competitor in a product-market that has the most profitable marketing mix.
(p. 472)

FALSE

AACSB: 10 Org Dynamics
Chapter: 18
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 18 #30
Question Type: Definition
Self-Test: No

31. S.W.O.T. analysis is based on the idea that one of the best ways to develop a strategy is to identify and copy the marketing "strategies, weapons, outlook, and tactics" of the firm's most effective competitor.
(p. 472)

FALSE

AACSB: 10 Org Dynamics
Chapter: 18
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 18 #31
Question Type: Definition
Self-Test: No

32. A good S.W.O.T. analysis helps a manager focus on a strategy that takes advantages of the firm's opportunities and strengths while avoiding its weaknesses and threats to its success.
(p. 472)

TRUE

AACSB: 10 Org Dynamics; 9 Value creation
Chapter: 18
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 18 #32
Question Type: Definition
Self-Test: No

33. The letters in "S.W.O.T. analysis" are an abbreviation for the first letters of the words "strengths, weaknesses, opportunities, and threats."
(p. 472)

TRUE

AACSB: 10 Org Dynamics
Chapter: 18
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 18 #33
Question Type: Definition
Self-Test: No

34. The letters in "S.W.O.T. analysis" are an abbreviation for the first letters of the words "special weapons or tactics."
(p. 472)

FALSE

AACSB: 10 Org Dynamics
Chapter: 18
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 18 #34
Question Type: Definition
Self-Test: No

35. A S.W.O.T. analysis is not necessary if the firm is considering entering an established market that is already served by competitors.
(p. 472)

FALSE

AACSB: 11 Analysis for decisions
Chapter: 18
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 18 #35
Question Type: Definition
Self-Test: No

36. The job of integrating the four Ps strategy decisions is the responsibility of the company controller since the money to do so much be available.
(p. 473)

FALSE

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 18 #36
Question Type: Comprehension
Self-Test: No

37. Blending the four Ps is easy since fully understanding the needs and attitudes of a target market is a straightforward process.
(p. 473)

FALSE

AACSB: 9 Value creation
Chapter: 18
Difficulty: Medium
LearnObj: 4
Perreault - Chapter 18 #37
Question Type: Definition
Self-Test: No

38. A marketing plan usually spells out the time schedule for a marketing strategy as well as the time-related details.
(p. 473)

TRUE

AACSB: 10 Org Dynamics; 9 Value creation
Chapter: 18
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 18 #38
Question Type: Definition
Self-Test: No

39. A marketing plan should contain specific information like costs and sales forecasts, but not background information about customers, competitors, or the company's resources.
(p. 474)

FALSE

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Medium
LearnObj: 5
Perreault - Chapter 18 #39
Question Type: Comprehension
Self-Test: No

40. A good marketing plan will work well throughout the different stages of the product life cycle.
(p. 475)

FALSE

AACSB: 10 Org Dynamics
Chapter: 18
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 18 #40
Question Type: Definition
Self-Test: No

41. A good business manager should adhere to the idea "if it ain't broke, don't fix it."
(p. 475)

FALSE

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 18 #41
Question Type: Definition
Self-Test: No

42. The text argues that international competition will actually improve macro-marketing systems worldwide.
(p. 475)

TRUE

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 18 #42
Question Type: Definition
Self-Test: No

43. Good marketing managers put themselves in the customer's position.
(p. 478)

TRUE

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 18 #43
Question Type: Comprehension
Self-Test: No

44. Environmental problems pose a major hazard to society and they are a particular threat to many firms working in the environmental engineering and management industry.
(p. 478)

FALSE

AACSB: 7 Responsibilities
Chapter: 18
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 18 #44
Question Type: Definition
Self-Test: No

45. The cost of environmental damage is now a measured cost of most firms that is passed along to consumers.
(p. 480)

TRUE

AACSB: 7 Responsibilities
Chapter: 18
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 18 #45
Question Type: Definition
Self-Test: No

46. Technology is making it harder to abuse consumers' rights to privacy.
(p. 480)

FALSE

AACSB: 12 IT influences
Chapter: 18
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 18 #46
Question Type: Definition
Self-Test: No

47. One of the disadvantages of a market-directed economic system is that it does not operate automatically and requires careful government oversight.
(p. 480)

FALSE

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 18 #47
Question Type: Definition
Self-Test: No

48. The legal environment sets the maximum standards of ethical behavior in a society.
(p. 481)

FALSE

AACSB: 2 Ethical reasoning
Chapter: 18
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 18 #48
Question Type: Definition
Self-Test: No

49. The legal environment sets the minimum standards of ethical behavior in a society.
(p. 481)

TRUE

AACSB: 2 Ethical reasoning
Chapter: 18
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 18 #49
Question Type: Definition
Self-Test: No

50. Consumers--as well as business firms--should behave in a more socially responsible manner to improve the performance of our macro-marketing system.
(p. 482)

TRUE

AACSB: 7 Responsibilities
Chapter: 18
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 18 #50
Question Type: Definition
Self-Test: No

51. According to a survey of workers, almost half of them have admitted to taking some type of unethical or illegal action in the recent past.
(p. 482-483)

TRUE

AACSB: 2 Ethical reasoning
Chapter: 18
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 18 #51
Question Type: Definition
Self-Test: No

52. Consumers have a responsibility to preserve an effective macro-marketing system.
(p. 483)

TRUE

AACSB: 7 Responsibilities
Chapter: 18
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 18 #52
Question Type: Definition
Self-Test: No

53. Given the nature of marketing--and the kinds of criticism it typically gets--marketing should be evaluated:

- A.** at both the micro and the macro level.
B. mainly at the macro level.
C. mainly at the micro level.
D. None of the above.

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 18 #53
Question Type: Definition
Self-Test: No

54. When evaluating the effectiveness of the macro-marketing systems of different countries:

(p. 464)

- A. the evaluation should be limited to basic economic objectives which are common across countries.
- B. the best approach is to see if firms are making a profit.
- C.** it doesn't make sense to try to compare the effectiveness of systems for different nations that have different objectives.
- D. the evaluation should be based on how well each system satisfies consumers' needs as they--the consumers--see them.
- E. All of the above are true.

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 18 #54
Question Type: Self-Test
Self-Test: Self-Test

55. The basic objective of the U.S. market-directed economic system is to:

(p. 464)

- A. minimize inflation.
- B.** satisfy consumer needs as they--the consumers--see them.
- C. provide each person with an equal share of the economic output.
- D. achieve an annual growth rate of at least 10 percent.
- E. make the most efficient use of the country's resources.

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 18 #55
Question Type: Definition
Self-Test: No

56. The basic objective of the U.S. market-directed economic system is to:

(p. 464)

- A. ensure the survival of business firms.
- B. find a reasonable balance between consumer satisfaction and business profits.
- C. reduce the cost of marketing activities.
- D.** satisfy consumer needs as the consumers themselves see them.
- E. satisfy consumer needs as seen by marketing managers.

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 18 #56
Question Type: Self-Test
Self-Test: Self-Test

57. In the United States, the basic objective of the market-directed economic system has been:

(p. 464)

- A. Providing everyday low prices.
- B. Immediate delivery of products.
- C. Offering easy financing.
- D. Consumer satisfaction.**
- E. Making advertising memorable.

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 18 #57
Question Type: Definition
Self-Test: No

58. Given the U.S. economy's basic objective, the best measure of the effectiveness of the U.S. macro-marketing system is:

(p. 466)

- A. GDP growth.
- B. the equality of income distribution.
- C. how efficiently resources are used.
- D. how many new products are introduced.
- E. the level of consumer satisfaction.**

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 18 #58
Question Type: Comprehension
Self-Test: No

59. Given the American economy's basic objective of meeting consumers' needs as THEY--the consumers--see them, it is sensible to evaluate our MACRO-marketing system in terms of:

(p. 466)

- A. the level of consumer satisfaction.**
- B. how efficiently our resources are used.
- C. the value of the inputs to the system.
- D. our standard of living--as measured by GNI.
- E. total business profits.

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 18 #59
Question Type: Comprehension
Self-Test: No

60. A measure of overall consumer satisfaction in the United States, created by researchers at the University Michigan, and called the _____ is based on the results of regular interviews with thousands of customers.

(p. 466)

- A. Index of Consumer Confidence.
- B. United States Customer Satisfaction Index.
- C. American Customer Satisfaction Index.**
- D. Survey of Consumer Sentiment.
- E. Gallup Poll.

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 18 #60
Question Type: Definition
Self-Test: No

61. In measuring consumer satisfaction, marketing managers should remember that:

(p. 466)

- A. Customer satisfaction is a highly personal concept.**
- B. Consumer expectations and aspirations tend to remain the same over time.
- C. Looking at the average level of satisfaction for a whole society provides a precise description of macro-marketing effectiveness.
- D. Evaluations of macro-marketing effectiveness are purely objective in that they are based on tabulated survey results.
- E. All of the above.

AACSB: 11 Analysis for decisions
Chapter: 18
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 18 #61
Question Type: Definition
Self-Test: No

62. Measuring macro consumer satisfaction:

(p. 466)

- A. is easy--just add up all the marketing mixes.
- B. is difficult because consumer satisfaction depends on the level of consumer aspiration.**
- C. must be done quantitatively.
- D. uses MIS techniques.
- E. None of the above is true.

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 18 #62
Question Type: Comprehension
Self-Test: No

63. Consumer satisfaction:

(p. 466)

- A. is a highly reliable standard for evaluating macro-marketing effectiveness.
- B. is easy to measure because it is a highly personal concept.
- C. is the objective of all macro-marketing systems.
- D. depends on consumers' level of expectation.
- E. None of the above is true.

AACSB: 9 Value creation
Chapter: 18
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 18 #63
Question Type: Comprehension
Self-Test: No

64. Consumer satisfaction:

(p. 466)

- A. is the basic objective of all economic systems.
- B. is easier to measure at the macro-level than at the micro-level.
- C. depends on one's own expectations and aspirations.
- D. is hard to define.
- E. is totally unrelated to company profits.

AACSB: 9 Value creation
Chapter: 18
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 18 #64
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

65. When evaluating macro-marketing:

(p. 466)

- A. the evaluation is necessarily subjective.
- B. the best approach is to consider the profit generated by individual firms within the overall system.
- C. one must determine how efficiently the society's resources are used.
- D. one must consider each individual firm's role in the marketing system.
- E. All of the above are true.

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 18 #65
Question Type: Comprehension
Self-Test: No

66. MACRO-marketing:

(p. 466)

- A. is probably best evaluated by how individual consumer-citizens vote.
- B. can be evaluated with quantitative measures of consumer satisfaction.
- C. is concerned with how efficiently individual companies use their resources.
- D. is easier to evaluate than micro-marketing.
- E. All of the above.

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 18 #66
Question Type: Comprehension
Self-Test: No

67. MICRO-marketing effectiveness is _____ to measure than MACRO-marketing effectiveness.
(p. 466)

- A. harder
- B. not any easier or harder
- C. easier**

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 18 #67
Question Type: Comprehension
Self-Test: No

68. MICRO-marketing effectiveness can be measured by:
(p. 466-467)

- A. the profits of business firms.
- B. the opinions of intermediaries.
- C. consumer complaints.
- D. attitude research studies.
- E. All of the above.**

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 18 #68
Question Type: Comprehension
Self-Test: No

69. A national restaurant chain encourages its customers to use its website as a means of providing comments about their experiences at the chain's locations. This website is one way of measuring:
(p. 466-467)

- A. Macro-marketing effectiveness.
- B. The effectiveness of competition.
- C. Employee empowerment.
- D. Micro-marketing effectiveness.**
- E. None of the above.

AACSB: 12 IT influences
Chapter: 18
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 18 #69
Question Type: Definition
Self-Test: No

70. In the U.S. market-directed system, it is up to each _____ to decide how effectively individual firms satisfy the consumer's needs.
(p. 467)

- A. market research consultant
- B. customer**
- C. manufacturer
- D. advertising agency
- E. salesperson

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 18 #70
Question Type: Comprehension
Self-Test: No

71. _____ can be used as a rough measure of a firm's efficiency in satisfying customers.

(p. 467)

- A. Production
- B. The marketing mix
- C. Profits**
- D. Macro-marketing
- E. Returns

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 18 #71
Question Type: Definition
Self-Test: No

72. Satisfaction with a firm's marketing efforts can be roughly measured by

(p. 467)

- A. its profit.**
- B. the firm's impact on the macro-marketing system.
- C. the size of its target markets.
- D. All of the above are true.
- E. None of the above is true.

AACSB: 8 Financial
Chapter: 18
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 18 #72
Question Type: Comprehension
Self-Test: No

73. According to the text:

(p. 467)

- A. both micro-marketing and macro-marketing usually cost too much.
- B. neither micro-marketing nor macro-marketing costs too much.
- C. macro-marketing costs too much in the United States.
- D. micro-marketing frequently costs too much.**

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 18 #73
Question Type: Definition
Self-Test: No

74. Which of the following statements about marketing does the text make?

(p. 467)

- A. Micro-marketing never costs too much.
- B. Macro-marketing does not cost too much.**
- C. Marketing is not needed in all modern economies.
- D. Micro-marketing always costs too much.
- E. Macro-marketing does cost too much.

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 18 #74
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

75. According to the text:

(p. 467)

- A. macro-marketing costs too much in the United States--given the current objective.
- B. marketing never costs too much.
- C. micro-marketing often does cost too much.**
- D. micro-marketing always costs too much.
- E. all macro-marketing systems cost too much.

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 18 #75
Question Type: Self-Test
Self-Test: Self-Test

76. The authors of the text contend that:

(p. 467)

- A. Both micro- and macro-marketing cost too much.
- B. Neither micro- or macro-marketing costs too much.
- C. Micro-marketing often does cost too much, but macro-marketing does not.**
- D. Micro-marketing does not cost too much, but macro-marketing does.
- E. None of the above.

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 18 #76
Question Type: Definition
Self-Test: No

77. Which of the following statements is true?

(p. 468)

- A. Research shows that many customers are not satisfied and feel that companies do not deliver on their promises.**
- B. Research shows that most customers are somewhat satisfied and feel that companies usually deliver on their promises.
- C. Research shows that most customers are satisfied and feel that companies deliver on their promises.

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 18 #77
Question Type: Definition
Self-Test: No

78. A study revealed that when consumers are dissatisfied with a product or an individual business

(p. 468)

- A. most of their complaints are fully resolved--if they are just reported.
- B. a majority of their complaints are never reported.**
- C. a marketing manager should just ignore most complaints because they are the result of dealing with consumers.
- D. All of the above are true.
- E. None of the above is true.

AACSB: 9 Value creation
Chapter: 18
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 18 #78
Question Type: Comprehension
Self-Test: No

79. A marketing manager should

(p. 468)

- A know that most consumer complaints do not require a response because the consumer's dissatisfaction is beyond the control of the firm.
- B. recognize that many consumers who complain are trouble makers and that not much can or should be done about their complaints.
- C. assume that most customers who are dissatisfied will complain, but that people who are satisfied will be silent.
- D.** be concerned that many of the complaints that are reported are never resolved.
- E. recognize that a "complaint" box isn't needed if the firm is really market-oriented in the first place.

AACSB: 9 Value creation
Chapter: 18
Difficulty: Hard
LearnObj: 1
Perreault - Chapter 18 #79
Question Type: Comprehension
Self-Test: No

80. Marketing inefficiencies are due to all of the following reasons EXCEPT

(p. 468)

- A. lack of interest in the customer.
- B. improper blending of the four Ps.
- C. lack of understanding of the marketing environment.
- D.** listening too closely to the "voice of the customer."
- E. lack of understanding of the fickle customer.

AACSB: 11 Analysis for decisions
Chapter: 18
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 18 #80
Question Type: Comprehension
Self-Test: No

81. Which of the following does NOT support the idea that "MICRO-marketing often DOES cost too much"?

(p. 468)

- A. Many firms focus exclusively on their own internal problems.
- B. Distribution channels may be selected on the basis of personal preferences.
- C. Product planners frequently develop "me-too" products.
- D. Costly promotion may try to compensate for a weak marketing mix.
- E.** Many firms try to maximize profits.

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 18 #81
Question Type: Comprehension
Self-Test: No

82. Micro-marketing may cost too much because:

(p. 468)

- A. firms fail to identify new target markets.
- B. prices are frequently set on a cost-plus basis.
- C. promotion is sometimes seen as a substitute for product quality.
- D.** All of the above are true statements.
- E. None of the above--marketing never costs too much!

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 18 #82
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

83. According to the text, micro-marketing may cost too much because:

(p. 468)

- A. too many managers seize on whatever strategy seems easiest.
- B. too many managers are slow and bureaucratic
- C. too many managers jump on the "what's new" bandwagon without a strategy that ensures customer satisfaction and company profits.
- D.** All of the above are correct.
- E. None of the above--marketing never costs too much!

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 18 #83
Question Type: Application
Self-Test: No

84. MICRO-marketing will probably continue to cost too much as long as:

(p. 468-469)

- A. the marketing concept is not accepted.
- B. firms fail to identify new opportunities.
- C. firms do "mass marketing."
- D. some managers believe that anyone can run a business successfully.
- E.** All of the above.

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 18 #84
Question Type: Application
Self-Test: No

85. Which of the following is NOT an explanation for why MICRO-marketing may cost too much in some firms?
(p. 468-469)

- A. Some managers make decisions as if customers are eagerly awaiting any product they produce.
- B. Production managers focus on designing products that are easy to make.
- C. Financial managers reduce finished-product inventories and force "out of stock" situations.
- D. Marketing managers do target marketing.
- E. Some managers don't see a business as a "total system" focused on customers.

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 18 #85
Question Type: Self-Test
Self-Test: Self-Test

86. Which of the following does NOT support the idea that "MICRO-marketing often DOES cost too much"?
(p. 468)

- A. Many firms focus exclusively on their own internal problems.
- B. Distribution channels may be selected on the basis of personal preferences.
- C. Product planners frequently develop "me-too" products.
- D. Costly promotion may try to compensate for a weak marketing mix.
- E. Many firms try to maximize profits.

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 18 #86
Question Type: Comprehension
Self-Test: No

87. Which of the following does NOT support the idea that MICRO-marketing often DOES cost too much?
(p. 468)

- A. Product planners frequently develop me-too products.
- B. Many firms focus exclusively on their own internal problems.
- C. Many firms try to maximize profits.
- D. All of the above.
- E. None of the above.

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 18 #87
Question Type: Comprehension
Self-Test: No

88. The reason that MICRO-marketing costs too much in many firms is that:
(p. 468)

- A. the marketing concept has not been accepted and implemented.
- B. most new products are not necessary to meet competition.
- C. marketing is not really needed.
- D. advertising is usually ineffective.
- E. None of the above--marketing never costs too much.

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 18 #88
Question Type: Comprehension
Self-Test: No

89. Which of the following observations provides some hope that micro-marketing is becoming more efficient and effective?
(p. 469)

- A. More firms are becoming profit-oriented.
- B. More firms are becoming production-oriented.
- C. Fewer firms are becoming customer-oriented.
- D. Firms are embracing new technologies and diversity.
- E. None of the above.

AACSB: 9 Value creation
Chapter: 18
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 18 #89
Question Type: Comprehension
Self-Test: No

90. The text argues that MACRO-marketing in the United States:
(p. 469)

- A. costs too much because many consumers are dissatisfied.
- B. is a growing concept.
- C. does not cost too much.
- D. tends to decrease consumer welfare.
- E. costs too much because satisfying consumers costs too much.

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 18 #90
Question Type: Definition
Self-Test: No

91. Most critics of marketing who argue that marketing managers help create monopoly or monopolistic competition feel this leads to:

(p. 469)

- A. restriction of output.
- B. higher prices.
- C. reduction in the national income.
- D.** All of the above
- E. None of the above.

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 18 #91
Question Type: Self-Test
Self-Test: Self-Test

92. In conditions of monopolistic competition, marketing:

(p. 469-470)

- A. may result in lower consumer prices in the long run.
- B. may contribute to higher profits for successful firms.
- C. may spur economic growth.
- D.** All of the above are true.
- E. None of the above is true.

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 18 #92
Question Type: Comprehension
Self-Test: No

93. To meet the new competition, prices of the old products usually

(p. 469)

- A.** drop.
- B. remain unchanged but interest in the product is renewed with vigorous advertising.
- C. increase.
- D. are supplemented with coupons.
- E. increase while being offset with discounts and coupons.

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 18 #93
Question Type: Definition
Self-Test: No

94. Higher profits

(p. 470)

- A. promote even allocation of resources.
- B. encourage large-scale advertising
- C. increase social responsibility.
- D. protect competitors from each other.
- E.** attract competition.

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 18 #94
Question Type: Comprehension
Self-Test: No

95. Which of the following statements about marketing's impact on the economy is False?

(p. 469-470)

- A. Companies force consumers to buy products at exorbitant prices.
- B. When new products are introduced, the prices of old products often drop.
- C. Rising profits lead to increased investments and further economic growth.
- D. Increased profits attract competition.
- E. Profits begin to drop as new competitors enter a market with similar products.

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 18 #95
Question Type: Definition
Self-Test: No

96. When companies in a market-directed economy try to find "little monopolies" for themselves,

(p. 469-470)

- A. success is likely to attract more competitors--and squeezing of the innovators' profits.
- B. they will fail.
- C. this reduces innovation, new investment, and economic growth.
- D. the allocation of resources will be the same as in a purely competitive economy.
- E. this forces consumers to buy new--possibly more expensive--products that they do not want.

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 18 #96
Question Type: Self-Test
Self-Test: Self-Test

97. Monopolistic competition--which is typical in our market-directed economy--is caused by:

(p. 469-470)

- A. manipulation of markets by business firms.
- B. customer preferences.
- C. consumers' unwillingness to pay for differentiated products.
- D. All of the above.
- E. None of the above.

AACSB: 10 Org Dynamics
Chapter: 18
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 18 #97
Question Type: Comprehension
Self-Test: No

98. The monopolistic competition that is typical of the U.S. economy

(p. 469-470)

- A. always leads to higher prices, but it may not lead to higher consumer satisfaction.
- B. is a problem because it does not result in products that reflect consumer's social values.
- C. is the result of consumer preferences.
- D. is the result of manipulation of markets by business firms.
- E. All of the above are true.

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Hard
LearnObj: 3
Perreault - Chapter 18 #98
Question Type: Comprehension
Self-Test: No

99. In conditions of monopolistic competition, marketing:

(p. 469-470)

- A. may result in lower consumer prices in the long run.
- B. may contribute to higher profits for successful firms.
- C. may spur economic growth.
- D.** All of the above are true.
- E. None of the above is true.

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 18 #99
Question Type: Comprehension
Self-Test: No

100. _____ is one of the most criticized of all marketing activities.

(p. 470)

- A. Packaging.
- B.** Advertising.
- C. Placement.
- D. Pricing.
- E. Production.

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 18 #100
Question Type: Definition
Self-Test: No

101. Advertising

(p. 470)

- A. always results in higher prices for products.
- B. is a waste of resources.
- C. costs so much that it reduces the chance to achieve economies of scale in production.
- D. guarantees a product's success.
- E.** None of the above is true.

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 18 #101
Question Type: Comprehension
Self-Test: No

102. Regarding our MACRO-marketing system:

(p. 470)

- A. consumers would be better off if our macro-marketing system were in pure competition--rather than monopolistic competition.
- B. marketing makes people buy things they don't need.
- C. advertising can actually lower final consumer prices--if it helps achieve economies of scale.
- D. monopolistic competition leads to higher prices, restriction of output, a waste of resources, and greater consumer dissatisfaction.
- E. All of the above.

AACSB: 13 Economic environments

Chapter: 18

Difficulty: Medium

LearnObj: 3

Perreault - Chapter 18 #102

Question Type: Integrating

Self-Test: No

103. Regarding our MACRO-marketing system, advertising:

(p. 470)

- A. creates jobs and raises personal incomes.
- B. may lower final consumer prices if it results in economies of scale.
- C. encourages innovation.
- D. stimulates investment and generates economic growth.
- E. All of the above.

AACSB: 13 Economic environments; 9 Value creation

Chapter: 18

Difficulty: Easy

LearnObj: 3

Perreault - Chapter 18 #103

Question Type: Definition

Self-Test: No

104. The text concludes that:

(p. 470)

- A. advertising is a poor use of resources.
- B. advertising can actually result in lower prices to the consumer.
- C. marketing makes people buy things they don't need.
- D. marketing makes people materialistic.
- E. marketing's job is just to satisfy the consumer wants which exist at any point in time.

AACSB: 9 Value creation

Chapter: 18

Difficulty: Easy

LearnObj: 3

Perreault - Chapter 18 #104

Question Type: LearnAid

Self-Test: Self-Test & Learn Aid

105. According to your text, critics of advertising

(p. 470)

- A. argue that it lowers consumer prices--and thus results in "less than satisfactory" profits for firms.
- B. often overrate the positive effect that monopolistic competition can have on the economy.
- C. who think that a lot of advertising is annoying simply don't know what they're talking about.
- D.** claim that firms use clever ads to persuade consumers to buy whatever the firms want to sell.
- E. base their evaluation on fears that advertising increases economies of scale.

AACSB: 9 Value creation
Chapter: 18
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 18 #105
Question Type: Comprehension
Self-Test: No

106. The Xtreme Football League (XFL) was launched in 2001 by Vince McMahon, chairman of World Wrestling Entertainment (WWE). It was designed to provide professional football to American sports fans in the months after the conclusion of the National Football League (NFL) season. In spite of heavy promotion, lots of advertising, and a national network television contract, the XFL was a classic product failure, largely because the quality of play was not good enough to satisfy most football fans. The league evaporated after one season. This type of failure refutes the frequent claim of critics that advertising:

(p. 470)

- A. Makes people materialistic.
- B. Elevates the wrong values.
- C.** Manipulates consumers to buy anything a company chooses to produce.
- D. Leads to higher prices.
- E. All of the above.

AACSB: 11 Analysis for decisions
Chapter: 18
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 18 #106
Question Type: Comprehension
Self-Test: No

107. Regarding our MACRO-marketing system:

(p. 470)

- A. marketing makes people materialistic by creating "false values."
- B. advertising generally raises prices and wastes resources.
- C. marketing tries to satisfy "unwanted demand" rather than "genuine wants."
- D.** satisfying consumer needs and wants is a dynamic, on-going process.
- E. none of the above.

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 18 #107
Question Type: Comprehension
Self-Test: No

108. Marketing:

(p. 471)

- A. creates materialistic values which did not exist before.
- B. turns consumers into puppets.
- C.** reflects existing social values in the short run--while reinforcing these values in the long run.
- D. All of the above.
- E. None of the above.

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 18 #108
Question Type: Comprehension
Self-Test: No

109. Which of the following statements regarding marketing's influence on values is False?

(p. 471)

- A. Many companies refuse to use ads that would be offensive to their target customers.
- B.** Marketing never elevates the wrong values.
- C. Many companies work hard to determine their customers' beliefs and values.
- D. Marketing tends to reflect social values in the short run.
- E. Marketing tends to reinforce and enhance social values in the long run.

AACSB: 7 Responsibilities
Chapter: 18
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 18 #109
Question Type: Comprehension
Self-Test: No

110. An objective of our MACRO-marketing system should be to:

(p. 470-471)

- A. eliminate monopolistic competition.
- B. eliminate materialism.
- C. satisfy only the minimum material requirements of life.
- D. eliminate advertising, which will lower prices.
- E.** continually seek more satisfying solutions to consumer problems.

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 18 #110
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

111. A market-directed economy

(p. 471)

- A. ensures that voters and politicians agree which problem has to be solved first.
- B. concentrates solely on profit generation.
- C. guarantees that government aid programs are effective.
- D. spreads income evenly among the population.
- E.** makes efficient use of resources.

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 18 #111
Question Type: Comprehension
Self-Test: No

112. Regarding marketing strategy planning:

(p. 472)

- A. Managers usually know all they need to know about the needs and attitudes of their target markets.
- B. Competitors do not force a firm to shift its marketing mix.
- C. Changes in the dimensions of the marketing environment have no effect on a firm's marketing mix.
- D.** The lack of a complete understanding of the target market can make it difficult to combine the four Ps into a suitable marketing mix.
- E. None of the above.

AACSB: 10 Org Dynamics
Chapter: 18
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 18 #112
Question Type: Definition
Self-Test: No

113. A S.W.O.T. analysis

(p. 472-473)

- A.** should help a manager develop a strategy that leads to a competitive advantage.
- B. seeks to improve strategy planning by "scanning for warnings, omens, and tips" about competitors' plans.
- C. is not necessary if competitors have already entered the market.
- D. defends against potential competitive threats by planning specific "safeguards, weapons, or tactics."
- E. None of the above is a good answer.

AACSB: 10 Org Dynamics
Chapter: 18
Difficulty: Medium
LearnObj: 4
Perreault - Chapter 18 #113
Question Type: Comprehension
Self-Test: No

114. A S.W.O.T. analysis can help a marketing manager:

(p. 472-473)

- A. develop a competitive advantage.
- B. define what business and markets the firm wants to compete in.
- C. narrow down to a specific target market and marketing mix from the many alternatives available.
- D. see the pros and cons of different possible strategies.
- E.** all of the above.

AACSB: 9 Value creation
Chapter: 18
Difficulty: Medium
LearnObj: 4
Perreault - Chapter 18 #114
Question Type: Comprehension
Self-Test: No

115. A S.W.O.T. analysis

(p. 472)

- A. seeks to reduce the risk of competitive surprises by scanning the market for "signals, warnings, omens, and tips."
- B. focuses on what a firm plans to do to "satisfy wishes of a target" customer.
- C. summarizes a firm's "strategy, wishes (of its customers), outlook, and tactics."
- D. helps defend against potential competitors by developing a set of competitive "safeguards, weapons, offensives, and tactics."
- E. identifies a firm's "strengths, weaknesses, opportunities, and threats."**

AACSB: 10 Org Dynamics; 9 Value creation

Chapter: 18

Difficulty: Easy

LearnObj: 4

Perreault - Chapter 18 #115

Question Type: Self-Test

Self-Test: Self-Test

116. Ideally, the ingredients of a good marketing mix should:

(p. 472-473)

- A. flow logically from all the relevant dimensions of a target market.**
- B. match the ingredients typically used by key competitors.
- C. be determined by which ingredients cost the least.
- D. not include much advertising because it's expensive.
- E. All of the above are true.

AACSB: 10 Org Dynamics

Chapter: 18

Difficulty: Medium

LearnObj: 4

Perreault - Chapter 18 #116

Question Type: Comprehension

Self-Test: No

117. Offering a marketing mix that is like what is available from competitors usually

(p. 472-473)

- A. doesn't provide superior value.**
- B. reveals where customers are located.
- C. amounts to a feasible strategy.
- D. offers a competitive advantage.
- E. provides differentiation for the seller.

AACSB: 10 Org Dynamics

Chapter: 18

Difficulty: Easy

LearnObj: 4

Perreault - Chapter 18 #117

Question Type: Comprehension

Self-Test: No

118. Marketing strategy planning is difficult for marketing managers because:

(p. 472-473)

- A. they rarely know enough about the needs and attitudes of their target markets.
- B. other dimensions of the marketing environment may force changes in possible marketing mixes.
- C. proposed plans for each of the "four Ps" have to be blended together.
- D. competitors are usually trying to satisfy the same or similar needs.
- E.** All of the above are true.

AACSB: 10 Org Dynamics; 11 Analysis for decisions
Chapter: 18
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 18 #118
Question Type: Comprehension
Self-Test: No

119. The marketing manager:

(p. 473)

- A. Must make independent decisions and assemble them into a marketing mix.
- B. Must creatively blend the four Ps so the firm develops the best mix for the target market.
- C. Must integrate the ideas of specialists, such as the product manager, advertising manager, and sales manager.
- D. Must make sure that each marketing mix decision works well with the others.
- E.** All of the above.

AACSB: 10 Org Dynamics
Chapter: 18
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 18 #119
Question Type: Comprehension
Self-Test: No

120. Regarding marketing strategy planning:

(p. 473)

- A.** marketing managers seldom know everything they would like to know about the needs and attitudes of their target markets.
- B. marketing managers implement marketing STRATEGIES--NOT marketing plans.
- C. the marketing environment may force marketing managers to change target markets--but their marketing mixes usually are not affected.
- D. it is easier in large firms because marketing managers can count on specialists to plan each of the "four Ps."
- E. All of the above are true.

AACSB: 10 Org Dynamics
Chapter: 18
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 18 #120
Question Type: Comprehension
Self-Test: No

121. A product strategy decision includes all of the following except:

(p. 473)

- A. Benefits.
- B. Exposure.**
- C. Features.
- D. Quality.
- E. Warranty.

AACSB: 10 Org Dynamics
Chapter: 18
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 18 #121
Question Type: Definition
Self-Test: No

122. Which of the following area does not relate to "Place" in the Four Ps?

(p. 473)

- A. Market exposure
- B. Managing channels
- C. Kinds and locations of stores
- D. Branding**
- E. Kinds of intermediaries

AACSB: 9 Value creation
Chapter: 18
Difficulty: Medium
LearnObj: 4
Perreault - Chapter 18 #122
Question Type: Comprehension
Self-Test: No

123. Flexibility, geographic terms, and allowances are all related to

(p. 473)

- A. price.**
- B. product.
- C. promotion.
- D. place.
- E. price and product.

AACSB: 10 Org Dynamics
Chapter: 18
Difficulty: Medium
LearnObj: 4
Perreault - Chapter 18 #123
Question Type: Definition
Self-Test: No

124. In the development of a marketing plan, blending the marketing mix would not generally involve

(p. 473)

- A. predicting future behavior.**
- B. product classes.
- C. strategy planning process.
- D. product life cycle.
- E. understanding the target market.

AACSB: 10 Org Dynamics
Chapter: 18
Difficulty: Medium
LearnObj: 4,5
Perreault - Chapter 18 #124
Question Type: Comprehension
Self-Test: No

125. Which of the following statements about putting together an innovative marketing plan is True?

(p. 473)

- A. The marketing plan blends the elements of the marketing mix.
- B. The marketing plan forecasts the size of the target market and potential sales.
- C. The marketing plan includes implementation plans.
- D.** All of the above.
- E. A and B only.

AACSB: 10 Org Dynamics
Chapter: 18
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 18 #125
Question Type: Definition
Self-Test: No

126. Developing a "marketing plan:"

(p. 471-473)

- A. means selecting a target market and developing a marketing mix.
- B. involves nothing more than assembling the four Ps better than your competitors.
- C. is easy--and profits are virtually guaranteed--provided that a firm fully understands the needs and attitudes of its target market.
- D. All of the above are true statements.
- E.** None of the above is a true statement.

AACSB: 11 Analysis for decisions
Chapter: 18
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 18 #126
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

127. A marketing plan:

(p. 473)

- A. is a combination of several marketing strategies.
- B. must cover a one-year period.
- C. consists of a target market and an appropriate marketing mix.
- D.** includes the time-related details for implementing a marketing strategy.
- E. All of the above.

AACSB: 10 Org Dynamics; 11 Analysis for decisions
Chapter: 18
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 18 #127
Question Type: Definition
Self-Test: No

128. The main difference between a "strategy" and a "marketing plan" is:

(p. 473)

- A. that a plan does not consider the firm's target market.
- B. that a plan includes several strategies.
- C.** that time-related details are included in a plan.
- D. that resource commitments are made more clear in a strategy.
- E. There is no difference.

AACSB: 11 Analysis for decisions
Chapter: 18
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 18 #128
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

129. A marketing plan should be developed for a:
(p. 474)
- A. five-year period.
 - B. year.
 - C. quarter.
 - D. month.
 - E.** Any of the above--depending on the situation.

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 18 #129
Question Type: Definition
Self-Test: No

130. Regarding timing, a marketing plan:
(p. 474)
- A. Could cover as short a time period as a few months.
 - B. Is usually vague about time-related details.
 - C. Could cover as long a time period as several years.
 - D. All of the above.
 - E.** Both A and C.

AACSB: 9 Value creation
Chapter: 18
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 18 #130
Question Type: Definition
Self-Test: No

131. As a product moves through its product life cycle stages:
(p. 475)
- A. price cutting tends to decrease.
 - B. competition tends to move toward monopoly.
 - C. distribution moves from intensive to selective.
 - D.** promotion tends to become less informative and more persuasive.
 - E. All of the above.

AACSB: 10 Org Dynamics
Chapter: 18
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 18 #131
Question Type: Comprehension
Self-Test: No

132. As a product moves through its product life cycle stages:
(p. 475)
- A. consumers are offered less product variety.
 - B. distribution tends to become more and more exclusive.
 - C. competition forces firms to skim instead of just meeting competition.
 - D.** the promotion emphasis is on building selective demand.

AACSB: 10 Org Dynamics
Chapter: 18
Difficulty: Medium
LearnObj: 5
Perreault - Chapter 18 #132
Question Type: Comprehension
Self-Test: No

133. As a product moves from the early to the later stages of the product life cycle:

(p. 475)

- A. distribution moves toward being more intensive.
- B. firms either cut prices or just meet competition.
- C. promotion becomes frantically competitive.
- D. products tend to become more similar.
- E.** All of the above.

AACSB: 10 Org Dynamics
Chapter: 18
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 18 #133
Question Type: Comprehension
Self-Test: No

134. When developing a marketing plan for a new product that is about to enter the market introduction stage of its product life cycle, a marketing manager should:

(p. 475)

- A. plan to change the marketing strategy every six months.
- B. choose the best possible marketing strategy and stay with it throughout its product life cycle.
- C. plan to sell the product until its whole life cycle is over.
- D.** plan to change the marketing strategy as the product moves through its life cycle.
- E. change the marketing strategy only when the marketing environment changes.

AACSB: 10 Org Dynamics; 9 Value creation
Chapter: 18
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 18 #134
Question Type: Self-Test
Self-Test: Self-Test

135. Marie Callender has developed a new brand of frozen dinners to compete with the well-established brands. It probably should use a marketing mix of:

(p. 475)

- A. exclusive distribution, skimming pricing, and persuasive advertising.
- B.** intensive distribution, introductory price dealing, selective demand advertising, and a combined "push" and "pull" policy.
- C. intensive distribution, price cutting, reminder advertising, and a "pull" policy.
- D. selective distribution, penetration pricing, pioneering advertising, and a "push" policy.
- E. selective distribution, skimming pricing, selective demand advertising, and a "push" policy.

AACSB: 10 Org Dynamics; 11 Analysis for decisions
Chapter: 18
Difficulty: Hard
LearnObj: 5
Perreault - Chapter 18 #135
Question Type: Application
Self-Test: No

136. Pioneer has developed a really new consumer electronics item--a heterogeneous shopping product with unique patented features. It probably should use a marketing mix of:

(p. 475)

- A. exclusive distribution, price cutting, reminder advertising, and a "push" policy.
- B. exclusive distribution, penetration pricing, informative and persuasive advertising, and a "pull" policy.
- C. selective distribution, skimming pricing, pioneering advertising, and a "push" policy.
- D. selective distribution, penetration pricing, persuasive advertising, and a "pull" policy.
- E. intensive distribution, persuasive advertising, price dealing, and a "push" policy.

AACSB: 10 Org Dynamics
Chapter: 18
Difficulty: Medium
LearnObj: 5
Perreault - Chapter 18 #136
Question Type: Application
Self-Test: No

137. Which of the following might be sections in a marketing plan?

(p. 476)

- A. Competitor analysis.
- B. Customer analysis.
- C. Marketing strategy.
- D. Situation analysis.
- E. All of the above.

AACSB: 9 Value creation
Chapter: 18
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 18 #137
Question Type: Definition
Self-Test: No

138. A marketing plan that included sections on transportation requirements, inventory product-handling requirements, and facility requirements would include those sections under the area of _____.

(p. 477)

- A. promotion.
- B. price.
- C. place.
- D. product.
- E. personnel.

AACSB: 11 Analysis for decisions
Chapter: 18
Difficulty: Medium
LearnObj: 5
Perreault - Chapter 18 #138
Question Type: Comprehension
Self-Test: No

139. In a marketing plan, which of the following would not be included in the Promotion area?
(p. 477)

- A. advertising.
- B. packaging.**
- C. personal selling.
- D. sales promotion.
- E. publicity.

AACSB: 9 Value creation
Chapter: 18
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 18 #139
Question Type: Definition
Self-Test: No

140. As consumers shift their support to firms that do meet their needs,
(p. 475)

- A. laggard businesses are forced to either improve or get out of the way.**
- B. firms should try to woo new customers.
- C. firms must immediately adopt their competitors' strategies.
- D. firms should adhere to the idea that "if it ain't broke, don't fix it."
- E. firms should increase promotional expenditure.

AACSB: 10 Org Dynamics
Chapter: 18
Difficulty: Hard
LearnObj: 6
Perreault - Chapter 18 #140
Question Type: Comprehension
Self-Test: No

141. Regarding the challenges facing marketers, the text suggests that:
(p. 475)

- A. government planners should play a major role in deciding what product choices consumers should have.
- B. continued growth of GDP is one favorable change in our macro-marketing system that a marketing manager can count on.
- C. there is likely to be much less regulation of marketing in the future, especially in regard to consumer privacy.
- D. marketers should look for ways to improve a strategy even before there's reason to believe that something needs to be fixed.**
- E. All of the above are true.

AACSB: 6. Reflective thinking
Chapter: 18
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 18 #141
Question Type: Self-Test
Self-Test: Self-Test

142. Which of the following statements DOES NOT indicate that a marketing manager is about to make a serious mistake?
(p. 479)

- A. "When it comes to my marketing strategy, if it ain't broke, don't fix it."
- B. "International competition is just a fad. We can ignore it."
- C. "I leave marketing applications of technology to the information technology staff. There's no need for me to learn about them."
- D.** "I try to place myself in the position of the consumer and do unto others as I would have them do unto me."
- E. "My job is to sell products. If they happen to damage the environment because a consumer doesn't dispose of them properly, that's not my problem."

AACSB: 10 Org Dynamics; 11 Analysis for decisions
Chapter: 18
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 18 #142
Question Type: Comprehension
Self-Test: No

143. Which of the following statements about future trends in marketing is True?
(p. 475-480)

- A. Marketers should welcome international competition because it will speed the adoption of marketing innovations that improve people's lives.
- B. Marketers need to come to conclusions about the proper uses of technology.
- C. Marketers need to be aware of their responsibilities to the broader society.
- D. Marketers must be sensitive to consumers' rights and privacy.
- E.** All of the above.

AACSB: 11 Analysis for decisions
Chapter: 18
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 18 #143
Question Type: Comprehension
Self-Test: No

144. The future poses many challenges for marketing managers because:
(p. 475-480)

- A. international competition makes it even harder to gain a competitive advantage.
- B. consumers' rights of privacy are harder to protect.
- C. long-run consumer welfare is becoming more important.
- D. environmental damage is no longer a hidden cost.
- E.** all of the above.

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 18 #144
Question Type: Comprehension
Self-Test: No

145. Which of the following is a key trend affecting marketing strategy planning?

(p. 479)

- A. Senior and ethnic submarkets are getting smaller.
- B. Slower new-product development.
- C. Less use of technology in personal selling.
- D. Less international market development.
- E. Growth of marketing information systems.**

AACSB: 11 Analysis for decisions
Chapter: 18
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 18 #145
Question Type: Definition
Self-Test: No

146. Which of the following is NOT a trend that is affecting marketing strategy planning?

(p. 479)

- A. growth of JIT and ECR.
- B. more international market development.
- C. less attention to distribution service.**
- D. more attention to quality.
- E. faster new-product development.

AACSB: 11 Analysis for decisions
Chapter: 18
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 18 #146
Question Type: Application
Self-Test: No

147. Which of the following is NOT a trend that is affecting marketing strategy planning?

(p. 479)

- A. more attention to targeted media.
- B. focus on lower stockturns at higher margins.**
- C. slower real income growth in U.S.
- D. growth of mass-merchandising.
- E. growth of larger, more powerful retail chains.

AACSB: 8 Financial
Chapter: 18
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 18 #147
Question Type: Application
Self-Test: No

148. Which of the following is NOT a trend that is affecting marketing strategy planning?

(p. 479)

- A. fewer vertical marketing systems.**
- B. geographic shifts in population.
- C. more attention to service technologies.
- D. growing role of cross-channel logistics coordination.
- E. greater use of database-directed promotion.

AACSB: 8 Financial
Chapter: 18
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 18 #148
Question Type: Application
Self-Test: No

149. Which of the following is NOT a current trend affecting marketing strategy planning?

(p. 479)

- A. growth of interactive agencies.
- B. less regulation of business.
- C. growth of MIS and DSS systems.
- D.** declining use of interactive bidding and proposal requests in organizational purchasing.
- E. aging of the baby boomers.

AACSB: 8 Financial
Chapter: 18

Difficulty: Easy

LearnObj: 6

Perreault - Chapter 18 #149

Question Type: Application

Self-Test: No

150. Which of the following is a NOT a key trend affecting marketing strategy planning?

(p. 479)

- A. Aging of the baby boomer population.
- B. More selling via the Internet.
- C.** Less use of integrated marketing communications.
- D. More electronic bid pricing and auctions.
- E. More attention to quality.

AACSB: 11 Analysis for decisions
Chapter: 18

Difficulty: Easy

LearnObj: 6

Perreault - Chapter 18 #150

Question Type: Definition

Self-Test: No

151. Which of the following is NOT a current trend affecting marketing strategy planning?

(p. 479)

- A. more attention to environmental issues.
- B. growth of ethnic submarkets.
- C. growth of product placement promotion.
- D. growth of senior citizen submarket.
- E.** shift from an emphasis on exporting of current products to diversification.

AACSB: 8 Financial
Chapter: 18

Difficulty: Easy

LearnObj: 6

Perreault - Chapter 18 #151

Question Type: Application

Self-Test: No

152. Which of the following is NOT a current trend affecting marketing strategy planning?

(p. 479)

- A.** slower new-product development.
- B. growth of value pricing.
- C. HTML e-mail and instant messaging.
- D. more attention to profitability, not just sales.
- E. international expansion by retailers.

AACSB: 8 Financial
Chapter: 18

Difficulty: Easy

LearnObj: 6

Perreault - Chapter 18 #152

Question Type: Application

Self-Test: No

153. Which of the following is not a current trend affecting marketing strategy planning?

(p. 479)

- A. popularity of the Internet and intranets.
- B.** less use of single source data and scanner panels.
- C. more attention to quality.
- D. greater use of rapid response, JIT, and ECR.
- E. move toward integrated marketing communications.

AACSB: 8 Financial

Chapter: 18

Difficulty: Easy

LearnObj: 6

Perreault - Chapter 18 #153

Question Type: LearnAid

Self-Test: Self-Test & Learn Aid

154. Which of the following is NOT a trend affecting marketing strategy planning in the area of Demographic Patterns?

(p. 479)

- A. Explosion in senior and ethnic submarkets.
- B.** Higher real income growth in U.S.
- C. Geographic shifts in population.
- D. Aging of the baby boomers.
- E. Population growth slowdown in U.S.

AACSB: 11 Analysis for decisions

Chapter: 18

Difficulty: Medium

LearnObj: 6

Perreault - Chapter 18 #154

Question Type: Comprehension

Self-Test: No

155. Which of the following is NOT a trend affecting marketing planning strategy in the area of Business and Organizational Customers?

(p. 479)

- A. Shift to NAICS.
- B. Closer relationships and single sourcing.
- C. ISO 9000.
- D.** Less use of e-commerce and supply chain management.
- E. More use of JIT and EDI.

AACSB: 10 Org Dynamics

Chapter: 18

Difficulty: Medium

LearnObj: 6

Perreault - Chapter 18 #155

Question Type: Comprehension

Self-Test: No

156. Which of the following is NOT a trend affecting marketing strategy planning in the Product area?
(p. 479)

- A. More attention to quality.
- B.** Slower new-product development.
- C. More attention to service technologies.
- D. R&D teams with market-driven focus.
- E. More attention to sustainable design.

AACSB: 9 Value creation
Chapter: 18
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 18 #156
Question Type: Comprehension
Self-Test: No

157. Which of the following is NOT a trend affecting marketing strategy planning in the area of Channels and Logistics?
(p. 479)

- A. Growth of Internet selling.
- B. More logistics outsourcing.
- C.** Less attention to distribution service.
- D. More vertical marketing systems.
- E. Growth of mass-merchandising.

AACSB: 12 IT influences
Chapter: 18
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 18 #157
Question Type: Definition
Self-Test: No

158. Which of the following is NOT a trend affecting marketing strategy planning in the area of Sales Promotion?
(p. 479)

- A. Database-directed promotion.
- B. More event sponsorships.
- C.** Fewer customer loyalty programs.
- D. More product placement.
- E. Point-of-purchase promotion.

AACSB: 9 Value creation
Chapter: 18
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 18 #158
Question Type: Comprehension
Self-Test: No

159. Which of the following is NOT a trend affecting marketing strategy planning in the area of Mass Selling?
(p. 479)

- A. Changing agency compensation
- B. Less direct-response promotion**
- C. Integrated marketing communications
- D. Growth of interactive agencies
- E. More targeted media

AACSB: 11 Analysis for decisions
Chapter: 18
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 18 #159
Question Type: Comprehension
Self-Test: No

160. Which of the following is NOT a trend affecting marketing strategy planning in the Pricing area?
(p. 479)

- A. Overuse of sales and deals.
- B. More attention to exchange rate effects.
- C. Spreadsheets for marginal analysis.
- D. Increasing use of electronic bidding and auctions.
- E. Decreasing use of value pricing.**

AACSB: 11 Analysis for decisions; 9 Value creation
Chapter: 18
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 18 #160
Question Type: Definition
Self-Test: No

161. Which of the following is NOT a trend affecting marketing strategy planning in the area of International Marketing?
(p. 479)

- A. Tensions between "have" and "have-not" cultures.
- B. More attention to exporting by small companies.
- C. Global communication over the Internet.
- D. Decreasing role of airfreight.**
- E. Impact of "pop" cultures on traditional cultures.

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 18 #161
Question Type: Definition
Self-Test: No

162. The future poses many challenges for marketing managers because:

(p. 480)

- A. new technologies are making it easier to abuse consumers' rights to privacy.
- B. the marketing concept has become obsolete.
- C. it is marketing managers who have full responsibility to preserve our macro-marketing system.
- D. social responsibility applies only to firms--not to consumers.
- E. ultimately it is marketing managers who must determine which products are in the best interests of consumers.

AACSB: 12 IT influences; 2 Ethical reasoning
Chapter: 18
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 18 #162
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

163. Improving both micro-marketing and macro-marketing may require:

(p. 478-483)

- A. tougher enforcement of present laws.
- B. better-informed and more socially responsible consumers.
- C. more attention to consumer privacy.
- D. more social responsibility by businesses.
- E. All of the above.

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 18 #163
Question Type: Integrating
Self-Test: No

164. Regarding the laws that place limits on marketing activity:

(p. 480-482)

- A. Managers who ignore consumer attitudes may cause new laws to be enacted or existing laws to be modified.
- B. Some existing laws may need to be modified or enforced more carefully instead of adding new laws.
- C. Strict enforcement of existing laws and heavy penalties could have far-reaching effects on the macro-marketing system.
- D. Laws set the minimum standards for ethical behavior as defined in a society.
- E. All of the above.

AACSB: 10 Org Dynamics; 7 Responsibilities
Chapter: 18
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 18 #164
Question Type: Comprehension
Self-Test: No

165. Which of the following statements about ethical behavior in business is true?
(p. 481)

- A. The legal environment sets the highest standards of ethical behavior.
- B. The legal environment sets the maximum standards of ethical behavior.
- C.** The legal environment sets the minimum standards of ethical behavior.
- D. The legal environment sets the normative standards of ethical behavior.
- E. None of the above.

AACSB: 7 Responsibilities
Chapter: 18
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 18 #165
Question Type: Definition
Self-Test: No

166. Which of the following is an unethical behavior on the part of a consumer?
(p. 482)

- A. abusing policies about returning goods.
- B. changing price tags in self-service stores.
- C. being abusive to salespeople.
- D. shoplifting.
- E.** all of the above.

AACSB: 7 Responsibilities
Chapter: 18
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 18 #166
Question Type: Definition
Self-Test: No

167. Better performance of our market-directed MACRO-marketing system may require:
(p. 482-483)

- A. newer and tougher laws--because the present laws don't do enough to protect competing firms from each other.
- B.** more consumer responsibility.
- C. less emphasis on consumer privacy.
- D. All of the above.
- E. None of the above.

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 18 #167
Question Type: Self-Test
Self-Test: Self-Test

168. Many Internet sites, such as Autobyte.com and Edmunds.com, have extensive information about the prices of new and used vehicles that anyone can use for free. In light of the availability of this information, what is the responsibility of consumers to use it?
- (p. 483)
- A. Consumers shouldn't use it because it gives them an unfair advantage over car dealers.
 - B.** Consumers have a responsibility to use the information and be smarter customers.
 - C. Consumers can use it, but should not feel a responsibility to do so.
 - D. Consumers should not trust any information they receive from any source except the government.
 - E. None of the above.

AACSB: 7 Responsibilities
Chapter: 18
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 18 #168
Question Type: Definition
Self-Test: No

169. Consumerism has encouraged
- (p. 483)
- A. nutritional labeling.
 - B. truth-in-lending.
 - C. unit pricing.
 - D. plain-language contracts and warranties.
 - E.** all of the above.

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 18 #169
Question Type: Definition
Self-Test: No

170. If we accept "consumer satisfaction" as the objective of our MACRO-marketing system, this means that:
- (p. 484)
- A.** each consumer should decide how best to satisfy his or her own wants.
 - B. government planners should choose the kinds of products to be produced.
 - C. "home economists" will be the best judges of what should be produced.
 - D. not every consumer should be allowed to decide his or her own wants.
 - E. consumer educators should choose what products should be produced.

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 18 #170
Question Type: Comprehension
Self-Test: No

171. Regarding our MACRO-marketing system, the text suggests that:

(p. 484)

- A. consumers' freedom of choice should be reduced--for the good of society.
- B.** some changes may be necessary--but consumer-citizens should vote on these changes.
- C. marketing managers should limit consumers' freedom of choice.
- D. All of the above.
- E. None of the above.

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 18 #171
Question Type: Comprehension
Self-Test: No

172. The best way to improve the operation of our MACRO-marketing system--given the current objectives of our society--is:

(p. 484)

- A. to encourage marketing managers to produce only what they feel is good for consumers.
- B. to eliminate intermediaries.
- C.** to do better marketing strategy planning and implementation.
- D. to spend more on advertising.
- E. to move toward a command economy.

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Hard
LearnObj: 6
Perreault - Chapter 18 #172
Question Type: Integrating
Self-Test: No

173. By developing and implementing more effective marketing strategies, a marketing manager can:

(p. 484)

- A. improve the profits of a firm.
- B. provide more consumer satisfaction.
- C. reduce the costs of wasted effort by a firm.
- D. contribute to the effectiveness of the MACRO-marketing system.
- E.** All of the above.

AACSB: 9 Value creation
Chapter: 18
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 18 #173
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

174. Regarding the roles of marketers and consumers in improving the macro-marketing system:

(p. 484)

- A. Marketing managers should not be expected to improve and extend the range of goods and services they make available.
- B. Decisions marketing managers make always increase the choices available to consumers.
- C.** Consumer-citizens have the responsibility to vote for laws that place constraints on businesses, if those businesses harm the ecological system or make excessive demands on scarce resources.
- D. All of the above.
- E. None of the above.

AACSB: 7 Responsibilities
Chapter: 18
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 18 #174
Question Type: Comprehension
Self-Test: No

175. Suppose you were able to start new cities on a planet in outer space. Suppose also that these cities will be self-supporting. Further, they will be democratic--with the objective of maximizing consumer welfare--measured by the level of consumer satisfaction. The economic decisions will be made through the "market mechanism." Which of the following statements might be made by some of the settlers?

(p. 484)

- A. "The price of food is too high."
- B. "Intermediaries should be eliminated."
- C. "Advertising expenditures are too high."
- D. "Marketing costs too much."
- E.** All of the above are likely to be made.

AACSB: 6. Reflective thinking
Chapter: 18
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 18 #175
Question Type: Application
Self-Test: No

Use the following information to answer questions that refer to the Jewel Craft case.

Jewel Craft, Inc. is a leading producer in the United States women's costume jewelry and accessories market. Its brands are well known and are sold by department stores and better women's stores. Several stores in a city may carry Jewel Craft's brands because most of Jewel Craft's customers will not consider any other brand.

Jewel Craft's sales force calls on one wholesaler in each state. Gemco, Inc., of Boston, Massachusetts, is the Jewel Craft distributor in that state. Gemco stocks and sells women's accessories (noncompeting lines) for several manufacturers like Jewel Craft. Wholesalers are allowed a 20 percent markup by Jewel Craft--but pay the freight charges to their warehouses. Jewel Craft's policy of using one wholesaler per state comes from its desire to control its distribution. Jewel Craft uses national magazine advertising and also supports a cooperative ad program with retailers.

Jewel Craft's prices allow for a 40 percent retail markup--an attractive percent when one considers that Jewel Craft's products require little in-store selling because of their well-established reputation.

Recently, Jewel Craft was approached by a watch producer with the idea of expanding to watches under the Jewel Craft name. It was argued that although national watch sales have leveled off, Jewel Craft could enjoy growing sales for several years because of the fine reputation the company has achieved. If watches are added, Jewel Craft will use its present policies regarding distribution, pricing, and advertising. Further, it will offer the wholesalers and retailers an attractive "package" deal as an incentive to carry Jewel Craft watches. Intermediaries will be required to carry the watches if they wish to handle the jewelry and accessories.

Perreault - Chapter 18

176. Given the information in the Jewel Craft case, jewelry and accessories would be in which product class?

- A. Homogeneous shopping product
- B. Staple product
- C. Convenience product
- D. Impulse product
- E.** Specialty product

*AACSB: 13 Economic environments
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #176
Question Type: Application
Self-Test: No*

177. In the Jewel Craft case, Gemco, Inc. is a:

- A. commission merchant.
- B. selling agent.
- C. manufacturers' agent.
- D.** merchant wholesaler.
- E. manufacturer's sales branch.

*AACSB: 10 Org Dynamics
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #177
Question Type: Application
Self-Test: No*

178. Jewel Craft's distribution policy--at the wholesale level--is:

- A. selective distribution.
- B. direct distribution.
- C.** exclusive distribution.
- D. intensive distribution.
- E. for the wholesaler to be the channel captain.

AACSB: 10 Org Dynamics
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #178
Question Type: Application
Self-Test: No

179. Jewel Craft's distribution policy--at the retail level--seems to be:

- A. direct distribution.
- B. exclusive distribution.
- C. intensive distribution.
- D.** selective distribution.

AACSB: 10 Org Dynamics; 9 Value creation
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #179
Question Type: Application
Self-Test: No

180. A sales invoice sent by Jewel Craft to Gemco is MOST LIKELY to include the following item:

- A. F.O.B. buyer's warehouse.
- B. F.O.B. seller's factory--freight prepaid.
- C.** F.O.B. seller's factory.
- D. F.O.B. delivered.

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #180
Question Type: Application
Self-Test: No

181. When selling Jewel Craft's jewelry and accessories, a retail clerk's major role usually would be:

- A. missionary selling.
- B. supporting selling.
- C. retailing.
- D.** order taking.
- E. order getting.

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #181
Question Type: Application
Self-Test: No

182. The degree of brand familiarity for Jewel Craft products--among its present consumer buyers--is:

- A. no brand recognition.
- B. brand insistence.**
- C. brand preference.
- D. brand rejection.
- E. brand recognition.

AACSB: 14 Specific knowledge
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #182
Question Type: Application
Self-Test: No

183. Jewel Craft's selling price for an item which retails for \$10 would be:

- A. \$5.20.
- B. \$7.00.
- C. \$8.00.
- D. \$6.00.
- E. \$4.80.**

AACSB: 6. Reflective thinking
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #183
Question Type: Application
Self-Test: No

184. If Jewel Craft adds the watch line, which federal law might be most directly violated if it carries out its plan to require intermediaries to handle BOTH the watches and the jewelry?

- A. Robinson-Patman Act
- B. Clayton Act**
- C. Sherman Act
- D. Wheeler-Lea Amendment
- E. Magnuson-Moss Act

AACSB: 7 Responsibilities
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #184
Question Type: Application
Self-Test: No

Use this information to answer the following questions that refer to the CPI case.

Conservo Products, Inc. (CPI), with annual sales of \$200 million, is a well-known producer of a variety of paper products, almost all of which are made from recycled materials. Picnic plates account for about 70 percent of CPI's sales. The rest of the firm's sales comes from custom-designed materials--such as box liners and spacers, small boxes, and disposable products--like trays, towels and napkins.

CPI's picnic plates are sold through "sales reps" to grocery wholesalers and retail grocery chains. The sales reps are paid a 5 percent commission on all sales in their assigned territories. They usually handle related--but noncompeting--lines for several other manufacturers. Along with their selling duties, the sales reps help CPI with local advertising and sales promotion efforts.

Orders for the custom products are obtained by area managers who are paid a straight salary to call on business and institutional customers. The area managers are trained paper specialists and often help their customers design the products they order.

The picnic plates are priced to give CPI a 90 percent markup on the cost of producing the product--with the cost figured by taking the total factory cost for the previous year and dividing that total cost by the number of units produced and sold during that period. The firm's invoices read "F.O.B.--Delivered" and "1/10, net 30." Customers are allowed to deduct 3 percent from the face value of the invoice for buying plates in carload quantities, and another 2 percent for advertising them locally.

The custom products are sold "F.O.B. mill"--with CPI offering a price for each job. Competition is strong from many other manufacturers who are able to offer very similar products which meet the customers' specifications.

CPI forecasts that sales will increase to \$250 million by 1999. However, much of this growth is tied to picnic plates--a market in which the firm has about a 7 percent market share and faces aggressive price competition from many smaller firms with greater brand familiarity. Further, CPI has been late with more than 50 percent of its plate orders due to scheduling conflicts with orders for custom products.

Perreault - Chapter 18

185. CPI's product line includes:

- A. only convenience products.
- B. impulse products and natural products.
- C. specialty products and supplies.
- D. shopping products and raw materials.
- E. staple products and component parts.

*AACSB: 6. Reflective thinking
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #185
Question Type: Application
Self-Test: No*

186. CPI's picnic plates seem to be in the _____ stage of the product life cycle.

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

*AACSB: 6. Reflective thinking
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #186
Question Type: Application
Self-Test: No*

187. For the picnic plates, CPI seems to be facing:

- A. monopolistic competition approaching pure competition.
- B. a pure monopoly situation.
- C. pure competition.
- D. monopolistic competition approaching pure monopoly.
- E. an oligopoly situation.

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #187
Question Type: Application
Self-Test: No

188. CPI uses:

- A. a direct-to-customer channel system for all its products.
- B. dual distribution.
- C. an indirect channel system for all its products.
- D. a direct-to-customer channel system for the plates and an indirect channel system for the custom products.
- E. an indirect channel system for the plates and a direct-to-customer channel system for the custom products.

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #188
Question Type: Application
Self-Test: No

189. The "sales reps" who sell CPI's plates are:

- A. manufacturers' agents.
- B. limited-function wholesalers.
- C. the firm's own order takers.
- D. selling agents.
- E. merchant wholesalers.

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #189
Question Type: Application
Self-Test: No

190. For its plates, CPI uses _____ pricing.

- A. flexible
- B. demand-oriented
- C. target return
- D. average-cost
- E. penetration

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #190
Question Type: Application
Self-Test: No

191. CPI offers the grocery wholesalers and retail chains:

- A. cumulative quantity discounts.
- B. cash discounts for paying their bills quickly.
- C. P.M.'s.
- D. brokerage allowances.
- E.** All of the above.

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #191
Question Type: Application
Self-Test: No

192. Regarding shipping costs in the CPI case:

- A.** CPI pays the shipping costs for the plates, while its customers pay the shipping costs for the custom products.
- B. CPI uses freight-absorption pricing.
- C. all of CPI's customers take title to the products at the point of loading and pay all shipping costs themselves.
- D. CPI pays the shipping costs for all its customers--keeping title to the products until delivery.
- E. CPI uses zone pricing.

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #192
Question Type: Application
Self-Test: No

193. For the custom products, CPI uses _____ pricing.

- A. demand-backward
- B. penetration
- C. average-cost
- D. target-return
- E.** bid

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #193
Question Type: Application
Self-Test: No

194. CPI's sales forecasts for picnic plates are not likely to be achieved unless the firm can improve its:

- A. pioneering advertising.
- B. paper coating machines.
- C. below-average product quality.
- D.** customer service level.
- E. above-the-market prices.

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #194
Question Type: Application
Self-Test: No

Use this following information to answer the following questions that refer to the Sure Foot case.

Sure Foot, Ltd. produces high-quality shoes and boots for serious hikers.

Sure Foot's shoes have suggested retail prices ranging from just under \$40 to about \$150. Usually, the retailer buys the shoes for about 50 percent less than the list price, and the retailer pays the freight charges from Sure Foot's plant in Maine. Sure Foot's credit terms are 2/10, net 30. Although Sure Foot's brand appears on every shoe--the firm does very little mass selling, except for a limited program of cooperative advertising and some sales promotion at walking events.

Sure Foot's shoes are carried by "better" sporting goods stores all across the nation--although usually in fairly small quantities. Its main showroom is in Boston, where two salaried salespeople handle most of the firm's large accounts. Sure Foot's products are also sold by seven independent "field reps" who are paid a 5 percent commission on all sales. Each of these field reps is responsible for a several state territory--emphasizing mostly the small stores in or near major cities. The field reps carry Sure Foot's products as a minor line--but none of their lines are competitive with each other.

The walking shoe market is supplied by 7 large firms and 50 or more smaller firms. While these firms are competitive, they do vary their materials, styles, prices, and promotion. The "high-quality" market is supplied by only 5 firms--Sure Foot being the largest. While these firms are also competitive, they generally offer a more limited assortment of materials, styles, and prices because the "high-quality" part of the market is not as large--and does not appear to be growing any more.

Perreault - Chapter 18

195. How are Sure Foot's shoes seen by most of its target market?

- A. Impulse products
- B. Staple products
- C. Heterogeneous shopping products
- D. Homogeneous shopping products
- E. Specialty products

*AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #195
Question Type: Application
Self-Test: No*

196. Assuming that Sure Foot wants to be in only the "better" stores--and mainly in large metropolitan areas--it seems to be seeking:

- A. selective distribution.
- B. exclusive distribution.
- C. intensive distribution.

*AACSB: 6. Reflective thinking
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #196
Question Type: Application
Self-Test: No*

197. Sure Foot's "field reps" are:

- A. selling agents.
- B. missionary salespeople.
- C. brokers.
- D.** manufacturers' agents.
- E. merchant wholesalers.

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #197
Question Type: Application
Self-Test: No

198. In the Sure Foot case, the nature of competition in the hiking shoe market is:

- A.** monopolistic competition
- B. monopoly
- C. oligopoly
- D. pure competition
- E. Both A and B.

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #198
Question Type: Application
Self-Test: No

199. Sure Foot's geographic terms are probably:

- A. F.O.B. freight allowed.
- B. F.O.B. buyer's factory.
- C.** F.O.B. shipping point.
- D. F.O.B. delivered.
- E. None of the above--Sure Foot uses zone pricing.

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #199
Question Type: Application
Self-Test: No

200. "Credit terms" of 2/10, net 30 mean that Sure Foot is offering customers a:

- A. functional discount.
- B. quantity discount.
- C. seasonal discount.
- D.** cash discount.
- E. cooperative advertising allowance.

AACSB: 8 Financial
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #200
Question Type: Application
Self-Test: No

201. Sure Foot is probably in what stage of the product life cycle in the "high quality" market?

- A. Market maturity
- B. Market growth
- C. Market introduction
- D. Sales decline

AACSB: 13 Economic environments
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #201
Question Type: Application
Self-Test: No

Use this information to answer the following questions that refer to the EI (Electech Inc.) case.

Electech, Inc. (EI) produces a line of semiconductors for electronics products manufacturers. These items range in price from \$5-\$100 and are used in products the buyer is producing. EI also designs and builds computer networking equipment. The prices of these items range from \$5,000 to \$100,000. These are used to control production equipment. Usually, they are custom-made to the specifications of the buyer--the firm which will use the product in its own production process.

EI sells nationally through independent sales reps--paid on commission--who work in the large industrial centers across the country. EI is more concerned with the quality of these reps than with the number of them. All of them also sell other lines. EI also uses five full-time salaried salespeople who work out of its corporate headquarters under a sales manager.

The home office salespeople are "technical specialists" who sell almost all the networking equipment, while the "reps" mostly sell the semiconductors. Sometimes, however, the reps will send in leads to customers who want networking equipment. EI also sells some of its semiconductors through a Los Angeles wholesaler who carries stock for West Coast customers.

There are many producers and importers of semiconductors in the U.S.--but several firms have captured large shares of the networking equipment market. EI has held its own, and in fact, over the past five years has increased its market share of these products to over 25 percent--because of its better technical designs.

Industry-wide prices of the more or less homogeneous semiconductors have been forced further and further down over the last seven years--as have industry profits. The price of networking equipment is set by adding a standard markup percent to the direct cost of the items--for overhead and for profit. Following industry practice, all prices are quoted at the seller's factory.

EI publishes a catalog which is revised periodically. And it exhibits in most equipment trade shows.

Perreault - Chapter 18

202. What kind of products are EI's semiconductors FOR MOST CUSTOMERS?

- A. Supplies
- B. Installations
- C. Component parts
- D. Accessory equipment
- E. Raw materials

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #202
Question Type: Application
Self-Test: No

203. What kind of products are EI's networking equipment?

- A. Component parts
- B. Accessory equipment**
- C. Installations
- D. Raw materials
- E. Supplies

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #203
Question Type: Application
Self-Test: No

204. EI's independent sales reps are:

- A. selling agents.
- B. rack jobbers.
- C. specialty wholesalers.
- D. manufacturers' agents.**
- E. desk jobbers.

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #204
Question Type: Application
Self-Test: No

205. What kind of distribution is EI seeking for its networking equipment?

- A. Direct distribution**
- B. Exclusive distribution
- C. Selective distribution
- D. Intensive distribution

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #205
Question Type: Application
Self-Test: No

206. In the EI case, what is the nature of competition for networking equipment?

- A. Monopoly
- B. Monopolistic competition**
- C. Pure competition
- D. Oligopoly

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #206
Question Type: Application
Self-Test: No

207. What promotion method is EI using when it publishes catalogs, and exhibits in trade shows?

- A. Sales promotion
- B. Publicity
- C. Advertising
- D. Personal Selling

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #207
Question Type: Application
Self-Test: No

208. EI's geographic terms are probably:

- A. F.O.B. delivered.
- B. F.O.B. buyer's factory.
- C. F.O.B. freight allowed.
- D. F.O.B. mill.
- E. F.O.B. basing point.

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #208
Question Type: Application
Self-Test: No

209. In the EI case, which stage of the product life cycle do semiconductors appear to be?

- A. Market maturity
- B. Sales decline
- C. Market introduction
- D. Market growth

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #209
Question Type: Application
Self-Test: No

Use this information to answer the following questions that refer to the PSI case.

Pump Systems, Inc. (PSI) produces two major kinds of water pumps. The smaller pumps range in price from \$5-\$30, and are used in drinking fountains and soft-drink machines. Most of these pumps are bought by manufacturers of these machines and built into their product. PSI also builds larger pumps used in swimming pools and reservoirs. The prices of these items range from \$250-\$500. These are usually purchased by contractors who build the pools and reservoirs.

PSI sells nationally through sales reps located in the large industrial centers. These reps handle the selling function for PSI in their geographic areas and provide market information. They usually do the same thing for 10 to 20 similar manufacturers of noncompeting products--and are paid on a commission basis.

There are no other producers of the smaller pumps in the United States--because PSI has patent protection. As a result of this, management has decided to follow a policy of pricing high--to maximize profits--while the patent lasts.

Several competitors are in the market for the larger pumps. Industry prices and profits of these pumps have dropped in the past few years as a result of firms trying to increase their market shares. The product design has remained fairly stable over the last few years--and one firm dropped out as it saw that it would lose more money with its "me-too" product. Industry sales are increasing--but at a very slow rate. The price of these products is determined by adding a standard markup percentage to the variable cost of the items--to cover fixed costs and profit. For instance, pump Z has variable costs of \$250 per unit, and a markup of 40 percent of this cost is added to the \$250 to get its selling price. Management has estimated that fixed costs applicable to this product are \$200,000 per year.

PSI publishes a product catalog which is revised annually. Also, it exhibits in most trade shows. PSI follows a policy of charging the same price to all customers--so all will have the same costs at their own plants. All purchases are shipped directly from PSI's factory to its customers--and title passes at PSI's factory.

Perreault - Chapter 18

210. What kind of products are PSI's small pumps to most customers?

- A. Supplies
- B. Component parts**
- C. Raw materials
- D. Accessory equipment
- E. Installations

*AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #210
Question Type: Application
Self-Test: No*

211. In the PSI case, what kind of products are the small pumps for customers who use them to replace worn pumps in their own machines?

- A. Component parts
- B. Raw materials
- C. Accessory equipment
- D. Installations
- E.** Supplies

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #211
Question Type: Application
Self-Test: No

212. PSI's sales reps are:

- A. selling agents.
- B. company salespeople.
- C. full-line merchant wholesalers.
- D. rack jobbers.
- E.** manufacturers' agents.

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #212
Question Type: Application
Self-Test: No

213. What pricing policy does PSI use for its small pumps?

- A.** Skimming pricing
- B. Price lining
- C. Target return pricing
- D. Prestige pricing
- E. Penetration pricing

AACSB: 8 Financial
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #213
Question Type: Application
Self-Test: No

214. What stage in the product life cycle do PSI's large pumps seem to be in?

- A.** Market maturity
- B. Sales decline
- C. Market introduction
- D. Market growth

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #214
Question Type: Application
Self-Test: No

215. What is the contribution to fixed cost and profit of PSI's pump Z?

- A. \$100 per unit
- B. \$75 per unit
- C. \$50 per unit
- D. \$25,000
- E. Cannot be determined unless you know the sales volume.

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #215
Question Type: Application
Self-Test: No

216. In the PSI case, what is the break-even point for pump Z IN DOLLARS?

- A. \$200,000
- B. \$100,000
- C. \$2,000,000
- D. \$700,000
- E. \$500,000

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #216
Question Type: Application
Self-Test: No

217. What kind of promotion is PSI using when it publishes catalogs and exhibits in trade shows?

- A. Advertising
- B. Publicity
- C. Sales promotion
- D. Personal selling

AACSB: 3 Analytical skills
Chapter: 18
Difficulty: Medium
Perreault - Chapter 18 #217
Question Type: Application
Self-Test: No

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