

CLEP

Principles of Marketing

Time—90 Minutes
100 Questions

For each question below, choose the best answer from the choices given.

1. An example of a psychographic characteristic as applied to businesses is
 - (A) industry classification
 - (B) whether a company sponsors cultural or sporting events
 - (C) company size
 - (D) whether a company is publicly or privately held
 - (E) number of employees
2. Position bias is a problem in
 - (A) product placement in a retail store
 - (B) selecting where to target a new product for the marketplace
 - (C) choosing a market segment
 - (D) conducting surveys
 - (E) determining the outlets for new products
3. A SWOT analysis might look at all of the following external conditions EXCEPT the
 - (A) bargaining power of suppliers
 - (B) amount of competition
 - (C) cost to enter a market
 - (D) loyalty of customers to the market leader
 - (E) company's ability to move quickly into a market
4. In which of the following forms of pricing does a manufacturer pay no shipping costs on goods being sent to distributors?
 - (A) FOB
 - (B) Freight absorption pricing
 - (C) Allowance
 - (D) UDP
 - (E) Zone pricing

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5. An actor is cooking dinner and talking about how easy it is to put together the ingredients in the package and whip up dinner in 15 minutes. This style of ad is known as
- (A) dramatization
 - (B) cheerleading
 - (C) testimonial
 - (D) demonstration
 - (E) scientific
6. All of the following are metrics for measuring online ad effectiveness EXCEPT
- (A) click-through rate
 - (B) cost per click
 - (C) page view
 - (D) pay per click
 - (E) pop-under
7. A nonprofit that wants to find sponsors for its golf event should do all of the following EXCEPT
- (A) communicate its target market to potential sponsors
 - (B) analyze who potential sponsors might be based on the target audience
 - (C) explain to potential sponsors how much the sponsorship will add to the sponsor's revenue
 - (D) decide on sponsorship levels and the benefits attached to each level
 - (E) explain how being affiliated with the nonprofit will benefit the potential sponsor's brand
8. To get a consumer to go from ignorance about a product to motivated, the marketer must move the consumer through which of the following stages?
- (A) Intentionality
 - (B) Action
 - (C) Interest and action
 - (D) Awareness and interest
 - (E) Awareness

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9. A family in the Full Nest stage of the family life cycle would most likely be shopping for
- (A) a smaller home
 - (B) a sports car
 - (C) a kitchen appliances
 - (D) living room set
 - (E) a used car for a teenage driver
10. A manufacturer of which of the following products would adopt an undifferentiated marketing strategy for its launch?
- (A) DVR
 - (B) Low-end children's clothing
 - (C) E-reader
 - (D) Cookies made with organic products
 - (E) Bread
11. Which of the following is NOT an example of why people switch brands?
- (A) A mail coupon offers a discount on a competitor's product.
 - (B) The store is out of the brand the consumer normally buys.
 - (C) Consumers prefer domestic product over foreign product once a domestic version becomes available.
 - (D) A consumer is having her in-laws for dinner and buys real butter instead of margarine.
 - (E) A consumer is used to buying one brand of sandals, but decides to buy another brand for a change.
12. Internal records that provide information for marketing intelligence systems (MIS) include
- (A) cash flow, competitors' data, and inventories
 - (B) cash flow, inventories, and suppliers' data
 - (C) competitors' data, customers' needs, and cash flow
 - (D) cash flow, suppliers' data, and sales orders
 - (E) sales orders, inventories, and cash flow
13. The cartridge and paper kit that is sold with a photo printer is called what kind of product?
- (A) Alternate
 - (B) Ancillary
 - (C) Substitute
 - (D) Reserve
 - (E) Customized

- 14.** The microenvironment in which companies operate consists of all of the following EXCEPT
- (A) customers of the company
 - (B) the company itself
 - (C) suppliers
 - (D) competitors
 - (E) marketing intermediaries
- 15.** Cereal makers advertise heavily on children's TV/cable programs. The result is that many children ask—even nag—their parents to buy a particular cereal. This is an example of
- (A) demand promotion strategy
 - (B) an indirect strategy
 - (C) push-and-pull promotion strategy
 - (D) pull promotion strategy
 - (E) push promotion strategy
- 16.** Jack represents a textbook publisher and has known Sal since he was a teacher. Now he is a department chair. If Sal has a problem with an order, he calls Jack directly who handles it with customer service and gets Sal whatever he needs within 48 hours. This is an example of what kind of marketing philosophy?
- (A) Production
 - (B) Sales
 - (C) Relationship
 - (D) Marketing
 - (E) Direct Selling
- 17.** A major manufacturer of software launched an e-reader, but withdrew it after 180 days of lackluster sales. Demand for the product can be classified as
- (A) no demand
 - (B) falling demand
 - (C) negative demand
 - (D) latent demand
 - (E) unwholesome demand

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18. Which of the following is the first step in developing a strategic marketing plan?
- (A) Development of goals
 - (B) Analysis of the environment
 - (C) Development of marketing strategies
 - (D) Development of the business mission
 - (E) Feedback on marketing acceptance
19. The Cherry Company decides that it needs to get its customers to buy more of its existing candy products. The company is adopting what kind of growth strategy?
- (A) Penetration
 - (B) Diversification
 - (C) Market development
 - (D) Product development
 - (E) Flank attack
20. A famous designer agrees to the use of his name on a men's cologne in exchange for a royalty. What kind of business arrangement is this?
- (A) Licensing
 - (B) Franchise
 - (C) Strategic alliance
 - (D) Joint ownership
 - (E) Patent
21. Economic factors that affect buying and purchasing patterns include all of the following EXCEPT
- (A) social status
 - (B) business cycle
 - (C) unemployment
 - (D) inflation
 - (E) income distribution
22. Based on lifestyle research, which group of consumers would be most likely to buy a hybrid automobile?
- (A) Strugglers
 - (B) Believers
 - (C) Experiencers
 - (D) Strivers
 - (E) Actualizers

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- 23.** Federal laws that regulate businesses generally fall into four categories. Which of the following is NOT one of those four categories?
- (A) Regulation of competition
 - (B) Consumer protection
 - (C) Maintenance of the competitive environment
 - (D) Environment protection
 - (E) Deregulation of certain industries
- 24.** A limit on the amount of a product that can be exported is known as
- (A) an export quota
 - (B) risk reduction
 - (C) an embargo
 - (D) an export control
 - (E) a tariff
- 25.** When a retailer removes one company's product and replaces it with product from another company, the first company is said to have lost
- (A) retail space
 - (B) shelf space
 - (C) product visibility
 - (D) shelf life
 - (E) retail visibility
- 26.** Which of the following is NOT an objective when companies set prices for their products?
- (A) Take market leadership
 - (B) Indicate product quality
 - (C) Recoup research and development costs
 - (D) Discourage potential competitors from entering the market
 - (E) Encourage competitors to cut prices
- 27.** A concentrated marketing strategy would be best for a company that sells
- (A) processed foods
 - (B) automobiles
 - (C) cosmetics
 - (D) software programs for both office and home use
 - (E) timeshares in vacation properties

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- 28.** Two of the basic facilitating functions of a marketing manager are
- (A) transportation and storage
 - (B) financing and risk taking
 - (C) buying and selling
 - (D) developing marketing information and inventory control
 - (E) buying and selling and transportation and storage
- 29.** Alex is conducting market research to determine ways to extend a product line. After defining the research problem, his next step is to
- (A) design the survey instrument
 - (B) conduct a situation analysis
 - (C) gather data
 - (D) decide on the metrics to be measured
 - (E) decide on the research sample
- 30.** All of the following are reasons that companies decide to export products EXCEPT to
- (A) benefit from financial incentives offered by host countries
 - (B) extend product life
 - (C) exploit comparative advantage
 - (D) increase sales
 - (E) avoid license requirements
- 31.** People who volunteer to answer surveys may introduce which type of bias into the results?
- (A) Halo effect
 - (B) Interviewer bias
 - (C) Response bias
 - (D) Self-selection bias
 - (E) Unrestricted sample
- 32.** A nonprofit's customers are
- (A) its funders
 - (B) the users of its services
 - (C) the government agencies that regulate it
 - (D) the public
 - (E) its board of directors

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- 33.** A store advertises that for one day only a particular brand of refrigerator is 70 percent off. When customers get to the store, they find that the refrigerator is half-sized. This is an example of
- (A) upselling
 - (B) cross selling
 - (C) false advertising
 - (D) bait and switch
 - (E) trade promotion
- 34.** In marketing products, companies want to maximize
- (A) revenue, profits, and costs
 - (B) profits, revenue, and return on investment
 - (C) return on investment, customer satisfaction, and brand acceptance
 - (D) brand acceptance, profits, and return on investment
 - (E) brand acceptance, revenue, and profits
- 35.** In a microenvironmental marketing analysis, banks belong to which sector?
- (A) Implementors
 - (B) Suppliers
 - (C) Publics
 - (D) Marketing intermediaries
 - (E) Customers
- 36.** The increase in online social influence marketing has resulted in a decrease in
- (A) promotions
 - (B) direct mail
 - (C) virtual gifting
 - (D) display ads
 - (E) blogs
- 37.** The Sunshine Company wants to measure the influence that its brand has in the blogosphere. What metric should it use?
- (A) How many unique visitors come to the Sunshine blog
 - (B) How many page views take place
 - (C) How many click-throughs there are
 - (D) How often visitors post comments on the brand's blog
 - (E) How many times visitors make comments on competitors' blogs

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- 38.** Larry designed a research project to analyze the market for a new dish detergent. The budget was cut and he needs to use research conducted for another product. All of the following are disadvantages of secondary research EXCEPT the
- (A) lack of applicability to the current research project
 - (B) high cost of secondary research
 - (C) datedness of the data
 - (D) lack of accuracy and reliability of the data
 - (E) lack of sufficient data
- 39.** Which of the following products is considered a component product?
- (A) Computer chip
 - (B) Paint
 - (C) Broom
 - (D) Margarine
 - (E) Lubricating oil
- 40.** In defining a market segment, marketers look for segments that are
- (A) substantial and homogeneous within
 - (B) substantial and well defined
 - (C) heterogeneous in relation to other segments and well defined
 - (D) operational and at a certain income level
 - (E) well defined and operational
- 41.** The societal approach to marketing
- (A) puts social responsibility before company goals
 - (B) considers company goals, customer needs and wants, and society's interests
 - (C) uses social responsibility as the determining factor in product decisions
 - (D) is the same as social media marketing
 - (E) is another name for "green" marketing
- 42.** Which of the following is an example of a typical industrial distribution channel?
- (A) Manufacturer to manufacturer's sales force to retailer to industrial customer
 - (B) Manufacturer to wholesaler to jobber to retailer to industrial customer
 - (C) Manufacturer to wholesaler's representative to industrial customer
 - (D) Manufacturer to wholesaler to industrial customer
 - (E) Manufacturer to manufacturer's representative to industrial distributor to industrial customer

- 43.** Most precisely, sociographics has become an important tool in
- (A) marketing by nonprofits
 - (B) business-to-business marketing
 - (C) global marketing
 - (D) social influence marketing
 - (E) mass marketing
- 44.** The characteristics of package labels include all of the following EXCEPT that
- (A) they attract customer attention
 - (B) depending on the product, they include the product's ingredients
 - (C) they make the product easier to use
 - (D) they provide product information
 - (E) they need to be in multiple languages if a company sells in multiple countries
- 45.** The BIG Shoe Company maintains a Web site that sells a variety of shoe brands for big and tall men. The company acts as an intermediary, sending orders to shoe manufacturers that send the shoes to BIG Shoe's customers. BIG Shoe is a
- (A) selling agent
 - (B) full-service wholesaler
 - (C) purchasing agent
 - (D) drop shipper
 - (E) rack jobber
- 46.** A company advertises its high-end foreign cars with a campaign that shows people turning around and staring as the car drives by. This campaign might be derived from which of Maslow's levels of basic needs?
- (A) Physiological
 - (B) Love, affection, and belongingness
 - (C) Safety
 - (D) Self-actualization
 - (E) Esteem

47. ISIC stands for

- (A) International Standards for Internet Classification
- (B) International Standard Industrial Classification
- (C) Internet Standardization Interglobal Categories
- (D) Industrial Standards Internet Categories
- (E) International Standardization Industrial Categories

48. Which of the following would be classified as a public service ad?

- (A) An ad explaining the benefits of a particular antidepressant
- (B) An ad announcing an upcoming family night at a baseball game
- (C) An election ad by an incumbent reminding constituents of what she has done for the district
- (D) An ad raising awareness of breast cancer
- (E) A testimonial by a patient who underwent heart surgery at a local hospital

49. Identifying potential markets is called

- (A) segmentation
- (B) positioning
- (C) forecasting
- (D) targeting
- (E) environmental audit

50. All of the following are a host country's governmental influences on foreign trade EXCEPT the

- (A) multiplicity of languages spoken
- (B) stability of the political system
- (C) amount of competition allowed
- (D) tax system
- (E) legal system

51. Qualitative research is

- (A) objective
- (B) machine tabulated
- (C) not systematic in its design
- (D) deductive
- (E) not open to generalizations

52. Which of the following can be branded?

- (A) Person, product, service, and value
- (B) Person, product, place, and service
- (C) Product, place, and service
- (D) Value, product, place, and service
- (E) Quality, value, product, and service

53. Highlighting how much better the company's product is over the competitors' is an advertising strategy for which stage of the product life cycle?

- (A) Development
- (B) Introduction
- (C) Growth
- (D) Maturity
- (E) Decline

54. An example of the perishable nature of services is

- (A) the difficulty in achieving economies of scale
- (B) the quality of an Internet marketing campaign
- (C) a cancelled concert tour by a band
- (D) the interconnectedness of the provider of the services with the service
- (E) the seasonal nature of ski instruction

55. In a pure competitive environment, a firm has

- (A) complete control over pricing
- (B) no control over pricing
- (C) some control over pricing
- (D) a great deal of control over pricing
- (E) from no control to a great deal of control over pricing, depending on the product

56. The Jefferson Manufacturing Company buys sheet metal from the same supplier each month. In January, it changes its order to aluminum tubing. This is an example of a

- (A) straight buy
- (B) straight rebuy
- (C) new task buying
- (D) modified rebuy
- (E) modified buy

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57. Which of the following is NOT a step in the consumer adoption process model?

- (A) Trial
- (B) Awareness
- (C) Evaluation
- (D) User recommendations
- (E) Interest

58. To enter the Asian market, The Lion Company changed its formula for hot sauce, but kept its slogan and promotional materials, based on market research. This is an example of

- (A) product adaptation and promotion extension
- (B) product extension and promotion adaptation
- (C) product extension and promotion extension
- (D) product adaptation and promotion adaptation
- (E) development of a new product and promotion

59. The production aspect of product development includes

- (A) product design and manufacturing
- (B) purchasing, manufacturing, and warehousing
- (C) quality control and test marketing
- (D) manufacturing, quality control, and test marketing
- (E) manufacturing, warehousing, and distribution

60. Loss leader pricing is

- (A) pricing a product just below its main competitor
- (B) pricing a product at or below cost to get customers into a store with the hope of selling them other more profitable product
- (C) based on keeping all costs involved, such as manufacturing, as low as possible
- (D) based on the value that customers perceive the product holds
- (E) pricing a product as part of a bundle to get rid of unwanted inventory

61. During the maturity stage of the product life cycle, the number of competitors

- (A) explodes
- (B) declines
- (C) increases incrementally
- (D) remains the same
- (E) rises and falls with economic conditions

- 62.** Market research tasks include all of the following EXCEPT
- (A) identifying market segments
 - (B) test marketing
 - (C) conducting focus groups
 - (D) selecting distribution channels
 - (E) measuring brand loyalty
- 63.** The diffusion process in marketing refers to
- (A) the innovation process within a company
 - (B) the rate of adoption of new product by consumers
 - (C) the spread of information in the marketplace about new product
 - (D) a promotion campaign
 - (E) a direct mail campaign
- 64.** Karen is buying a new winter coat. She has heard that the manufacturer of the last coat that she bought uses sweatshop labor, so she buys another coat brand. By doing this, Karen exhibits
- (A) brand preference
 - (B) brand recognition
 - (C) brand indifference
 - (D) brand rejection
 - (E) brand disinterest
- 65.** All of the following are behavioristic criteria used for segmenting markets EXCEPT
- (A) user rate
 - (B) occupational status
 - (C) buyer readiness
 - (D) product loyalty
 - (E) desired benefits
- 66.** The Peters Manufacturing Company has a number of locations around the country where goods are warehoused, orders are taken and processed, and products are shipped to customers. These locations are
- (A) customer service centers
 - (B) distribution centers
 - (C) call centers
 - (D) intermodal transportation centers
 - (E) merchant wholesaler centers

- 67.** A manufacturer that employs intermediaries in its distribution channel is using
- (A) a corporate channel
 - (B) vertical integration
 - (C) horizontal integration
 - (D) an indirect channel
 - (E) a direct channel
- 68.** A cosmetics ad that highlights the wrinkle erasing and skin brightening powers of the product is using what kind of appeal?
- (A) Scarcity
 - (B) Youth
 - (C) Snob
 - (D) Humor
 - (E) Social
- 69.** Which of the following is NOT a form of media marketing?
- (A) Infomercials
 - (B) Internet shopping
 - (C) Home shopping channels
 - (D) Catalogue shopping
 - (E) Mobile Web apps
- 70.** Cookies are important to online advertisers because they enable advertisers to
- (A) identify social networks
 - (B) count page views
 - (C) customize content for visitors
 - (D) track visitors to find out where they go after they leave their Websites
 - (E) identify unique versus repeat visitors
- 71.** In online marketing, CPM stands for
- (A) Cost Per Mille
 - (B) Cost Per Million
 - (C) Customer Performance Measure
 - (D) Customer Preference Metric
 - (E) Cost Performance Metric

72. The ability to “name your own price” online for airline tickets and hotel rooms is an example of
- (A) supply pricing
 - (B) price-setting power
 - (C) condition pricing
 - (D) dynamic pricing
 - (E) situational pricing
73. Influencers are important to marketers for all of the following reasons EXCEPT that influencers
- (A) are early adopters and trendsetters
 - (B) have large social networks
 - (C) have money
 - (D) are respected
 - (E) are socially active in their communities and various movements and organizations
74. In conducting a situation analysis, a company would look at what factors related to the retail customer environment?
- (A) Market size, benefits customers are looking for, and frequency of purchase
 - (B) Product line, market size, and frequency of purchase
 - (C) Buying process, suppliers, and distributors
 - (D) Market size, competitors’ products, and buying process
 - (E) Trends, company’s image in the marketplace, and market segments
75. Decision support systems can aid market research by
- (A) analyzing inventory needs at various times of the year
 - (B) identifying target markets
 - (C) developing sales forecasts
 - (D) developing simulations to estimate the value of long-term customers
 - (E) applying the regression method to survey results
76. Which of the following is a purchase that typically is a high-involvement decision?
- (A) Buying a week’s worth of groceries
 - (B) Renting a vacation unit for a month
 - (C) Buying a tuxedo
 - (D) Buying a SUV
 - (E) Outfitting a student dorm room

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77. Offering a 60-day money back guarantee as a sales promotion is one way to deal with post-purchase behavior known as
- (A) delay
 - (B) satisfaction dissonance
 - (C) loyalty dissonance
 - (D) cognitive dissonance
 - (E) bounce back
78. Which of the following is NOT an example of “green” marketing?
- (A) Using post-consumer waste in manufacturing new product
 - (B) Reducing the use of product packaging
 - (C) Sponsoring a community-wide clean-up day
 - (D) Allowing consumers to opt out of receiving direct mail catalogues
 - (E) Sending recycled electronics abroad for disposal
79. Stickiness of a Web site is measured in terms of the
- (A) money spent on the site
 - (B) click-throughs generated
 - (C) ease of searching the site
 - (D) number of repeat visits
 - (E) average minutes per month that visitors spend on the site
80. Which of the following is NOT an advantage that a multibrand strategy offers the PT Soap Company?
- (A) A multibrand strategy creates internal competition among PT’s brand managers.
 - (B) By using a multibrand strategy, PT’s brands take sales away from one another.
 - (C) A multibrand strategy means that PT’s competitors have limited shelf space for their products.
 - (D) By having a number of brands, PT has brands for a variety of price and quality levels.
 - (E) By having multibrands, PT will attract or keep more consumers who like to try different products.
81. Customer stability in the maturity phase of the product life cycle is
- (A) low
 - (B) very stable
 - (C) characterized by well-established buying patterns and customer loyalty
 - (D) characterized by some loyalty
 - (E) characterized by a declining customer loyalty

82. The most important step in the marketing process for a nonprofit is

- (A) identifying its target market
- (B) developing promotional materials
- (C) keeping its database of donors up to date
- (D) implementing a social media marketing program
- (E) creating a Web site

83. When a pharmaceutical maker brings out a low-cost version of one of its drugs, it is manufacturing a

- (A) product line extension
- (B) brand extension
- (C) brand generic
- (D) generic brand
- (E) brand choice

84. A company selling Internet, phone, and cable service together is an example of

- (A) a cross promotion
- (B) a product bundle
- (C) product integration
- (D) a discount program
- (E) a complementary product

85. Which of the following is NOT within the control of a company?

- (A) Price
- (B) Economic conditions
- (C) Advertising
- (D) Distribution
- (E) Personal selling

86. Individuals or groups within an organization who affect the decision-making process include

- (A) buyers, users, and marketers
- (B) users, influencers, marketers, and goaltenders
- (C) buyers, users, influencers, and goaltenders
- (D) users, influencers, marketers, and gatekeepers
- (E) buyers, users, influencers, and gatekeepers

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- 87.** The Internet has facilitated the place function of the marketing mix by
- (A) reducing costs involved in customer service
 - (B) speeding the automated delivery of orders and invoicing
 - (C) providing information on customer needs and wants without using costly research methods
 - (D) offering coupons and other discounts
 - (E) continually updating advertising information and online catalogues
- 88.** Exchange trading companies can help importers with all of the following functions EXCEPT
- (A) arranging for financing
 - (B) conducting research on new products to satisfy foreign market needs
 - (C) providing promotional activities at foreign trade shows
 - (D) arranging for packaging for the foreign market
 - (E) negotiating for the cancellation of export duties
- 89.** The purpose of a SWOT analysis is to identify
- (A) a company's strengths and weaknesses as well as the threats to its success in the marketplace
 - (B) the strengths and weaknesses of competitors and a company's own opportunities and threats in the marketplace
 - (C) the strengths and weaknesses of competitors and their opportunities and threats in the marketplace
 - (D) a company's external strengths and weaknesses and internal opportunities and threats to its success
 - (E) a company's internal strengths and weaknesses and its opportunities and threats in the marketplace
- 90.** Which of the following demonstrates customer goodwill toward a company?
- (A) Sponsorship of events hosted by nonprofit organizations
 - (B) A strong brand name
 - (C) Proactive post-purchase customer relations
 - (D) Promotional activities that offer price reductions
 - (E) A loyal-customer program

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- 91.** People who buy toothpaste for its whitening properties make up a market segment based on
- (A) demographics
 - (B) usage rate
 - (C) buyer readiness
 - (D) lifestyle
 - (E) benefits sought
- 92.** In looking for secondary information online, market researchers may look at all of the following EXCEPT
- (A) search directories
 - (B) intranets
 - (C) social media sites
 - (D) discussion groups
 - (E) periodical and newspaper archives
- 93.** The best use of focus groups in new product development is
- (A) to extrapolate from them how many people will buy the product
 - (B) in identifying a price point for the product
 - (C) in determining the issues that consumers are concerned about in a particular product category
 - (D) to gain ideas for refining a sales presentation
 - (E) to gain data for inventory management
- 94.** Charging passengers to check bags on airlines is changing prices
- (A) by changing the terms of sale
 - (B) by changing the quality of products
 - (C) by changing the amount or size
 - (D) based on the laws of supply and demand
 - (E) based on full demand

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95. A furniture chain begins as a discounter. Then it adds lamps and other home accessories. It then offers an interior decorating service while also upgrading its furniture lines. Over time the store adds more departments and services. This describes the
- (A) retail life cycle
 - (B) retail model
 - (C) retail cycle
 - (D) wheel of retailing
 - (E) superstore evolution
96. Marketing materials for nonprofits should include all of the following EXCEPT
- (A) the organization's services
 - (B) the resume of the executive director
 - (C) opportunities for donations
 - (D) testimonials from users
 - (E) the organization's mission
97. Which of the following commercials uses a lifestyle approach in its creative execution?
- (A) Animated characters talk about the benefits of a particular window cleaner.
 - (B) A couple thinks about going on a cruise and then finds themselves on the cruise boat.
 - (C) A movie star endorses skin care products.
 - (D) An actor spills some liquid and then uses two brands of paper towel to soak it up; the sponsor's towel does a better job.
 - (E) A family of five is packing camping equipment into a new SUV and talking about how roomy it is and how it fits not just camping equipment, but all their everyday sports equipment, grocery bags, etc.
98. Which of the following is an example of how integrated marketing communications affects advertising?
- (A) Advertising is based on customer needs and wants as determined through market research.
 - (B) Advertising is aimed at broad markets rather than narrower segments.
 - (C) Loyalty programs have become more important.
 - (D) More emphasis is placed on traditional media advertising than on online and mobile marketing.
 - (E) Building relationships with customers is no longer seen as the essential message

99. All of the following comprise services that can be added to enhance a product EXCEPT

- (A) warranty
- (B) delivery
- (C) financing
- (D) brand name
- (E) add-ons

100. Churn rate is the

- (A) number of unique visitors to a site
- (B) number of customers who stop doing business with a company
- (C) number of purchases an individual makes on a particular site
- (D) another name for click throughs
- (E) number of calls a call center operator can handle in a day

- 1. The correct answer is B.** Company sponsorship of cultural or sports events is one aspect of the lifestyle subcategory of psychographic characteristics that are used in profiling businesses, so choice B is correct. Industry, choice A; company size, choice C; whether public or private, choice D; and the number of employees, choice E, are demographic characteristics of businesses, not psychographic characteristics.
- 2. The correct answer is D.** Position bias is the tendency of survey respondents to select the first answer in a multiple-choice question, so choice D is correct. Choices A, B, C, and E are incorrect because position bias is about respondents' answering multiple-choice questions in market research surveys, not about product positioning or store placement.
- 3. The correct answer is E.** SWOT stands for strengths, weaknesses, opportunities, and threats. The company's ability to move quickly into a market is an internal issue, either a strength or a weakness, depending on the company. Choice E is the correct answer to this EXCEPT question. Choices A, B, C, and D are all external factors that may offer a company an opportunity in a market or may be reasons not to enter a market. Because they are external factors, choices A, B, C, and D are incorrect answers to the question.
- 4. The correct answer is A.** FOB stands for free on board; the manufacturer pays no shipping costs to transport product to distributors who pay the shipping charges, so choice A is correct. With freight absorption shipping, the manufacturer pays all or most of the shipping costs, so choice B is incorrect. An allowance is a reduction in the price of goods to cover any losses from a lack of sales or to cover the costs of promotions. Allowances have nothing to do with shipping, so choice C is incorrect. Choice D is incorrect because UDP stands for uniform delivery price; the manufacturer charges distributors the same shipping costs regardless of where distributors are in relation to the manufacturing site. Choice E is incorrect because zone pricing sets up zones, or regions, and charges distributors for shipping based on distance from the manufacturing site.
- 5. The correct answer is D.** In a demonstration ad, an actor(s) shows how a product works and speaks directly to the viewer, so choice D is correct. Choice A would be correct if the actor made dinner as a voiceover talked about the product, but that doesn't agree with the scenario, so choice A is incorrect. Choice B, cheerleading, is incorrect and not a recognized term. Choice C is incorrect because a testimonial would involve a real-life user of the product, not an actor. Choice E is incorrect because there is nothing in the ad to indicate that there is any scientific evidence to support the ad.
- 6. The correct answer is E.** A pop-under is an online ad that opens behind the Web browser window that is open, but doesn't show up until after all other windows have been closed. A pop-under ad is not a measurement tool, so it is the correct answer to the question. Click-through rate, cost per click, page view, and pay per click are all metrics for measuring online ad effectiveness, so choices A, B, C, and D are incorrect.
- 7. The correct answer is C.** It is very difficult to make a correlation between a sponsorship and an increase in revenue, so choice C is not something a nonprofit should do, so it is the correct answer to the question. Choice E, brand burnishing, is different from promising an increase in revenue, so a nonprofit can indicate that goodwill toward the brand is a benefit that may come from sponsoring the nonprofit's event. This makes choice E an incorrect answer to the question. Looking for sponsors that market to the same audience that the nonprofit serves, choice B, and promoting that connection in contacting potential sponsors, choice A, are things that a nonprofit should do, so they are incorrect answers. Determining sponsorship levels is also appropriate, so choice D is incorrect.
- 8. The correct answer is D.** This question is based on the hierarchy of advertising effects; advertising should take the consumer from ignorance to awareness to interest to motivated, so choice D is the correct

answer. The concept of the hierarchy is similar to AIDA: attention, interest, desire, action. Choice A is incorrect because intentionality is not one of the missing stages of the hierarchy. Choice B is incorrect because action is not one of the missing stages of the hierarchy. Choice C is incorrect because it contains action. Choice E is incorrect because interest is missing from the answer.

9. The correct answer is E. A family in the full nest stage of the family life cycle would be shopping for a used car for a teenage driver, choice E. A single survivor would most likely be shopping for a smaller home, choice A. A young single in the bachelor stage would be shopping for a sports car, choice B. A young couple in the newly married couples stage typically buys durable goods like kitchen appliances and living room sets, so choices C and D are incorrect.

10. The correct answer is E. A manufacturer of bread, choice E, is most likely to adopt an undifferentiated marketing strategy to launch its new product. Choice A, a DVR maker, would be less likely to adopt an undifferentiated marketing strategy because of the cost of the product and the amount of technical knowledge required to set it up and operate it; some market segmentation would be required. Choice B is incorrect because the description of the clothing line as "low-end" already identifies its market segment. Choice C is incorrect because people who buy e-readers are a small percentage of the book-buying public. Choice D is incorrect because people interested in eating organic products are a small segment of the cookie-buying public.

11. The correct answer is C. There is no evidence to support the idea that people will buy a domestic over a foreign brand once a domestic version becomes available. In fact, some people for whom status and prestige are important will buy a foreign brand over a domestic brand. Choice C is the not true, and is therefore the correct answer to the question. Choice A represents the concept that people switch brands when a competitor's product is a better value, so choice A is incorrect. Doing without or buying another brand is the option when the store is out of the usual product, so choice B is incorrect. Choice D is incorrect because consumers may buy different levels of quality for different events. Switching brands for variety sake is another reason people waiver in brand loyalty, so choice E is incorrect.

12. The correct answer is E. Internal records are sales orders, inventories, and cash flow, so choice E is correct. Choice A is incorrect because competitor's data is part of marketing intelligence, not internal records. Choice B is incorrect because suppliers' data is part of marketing intelligence, not internal records. Choice C is incorrect because competitors' data is part of marketing intelligence and customers' needs is part of market research. Choice D is incorrect because suppliers' data is part of marketing intelligence, not internal records.

13. The correct answer is B. An ancillary product is one that is sold with the core product, so choice B is correct. Choice A is incorrect because alternate is not the same as ancillary. Choice C is incorrect because a substitute product is an alternative product, which is not the same as an ancillary product. Choice D is incorrect because to reserve a product is to set it aside. Choice E is incorrect because a customized product is one that is specially designed for a buyer.

14. The correct answer is D. Competitors are part of the macroenvironment, so choice D is the correct answer. Customers, the company itself, suppliers, and marketing intermediaries are four components of the microenvironment, so choices A, B, C, and E are incorrect answers to the question.

15. The correct answer is D. The pull promotion strategy uses heavy advertising to build demand for a product, so choice D is the correct answer. Choice A is incorrect because while the objective of both the push and pull strategies is to create consumer demand for a product, demand promotion strategy is not the correct term. Choice B is incorrect because the term indirect strategy is a distractor and incorrect. Choice C is

incorrect because this is not a push-and-pull strategy. Choice E is incorrect because the push promotion strategy is based on personal selling and trade promotions.

16. The correct answer is C. The relationship philosophy of marketing, choice C, stresses long-term relationships with customers and customer satisfaction because, in the long-term, companies have found that it is cheaper to retain customers and increase their business than prospect for new customers. Choice A is incorrect because the production philosophy stresses the product over the customer, or "make a good product and customers will find it." Eliminate choice B because the sales philosophy relies on activities of the sales force supported by advertising to find and sell customers. Choice D is incorrect because the marketing philosophy emphasizes market research to find out what customers want. Choice E is incorrect because direct selling is a sales methodology, not a marketing philosophy.

17. The correct answer is A. No demand means that consumers show little or no demand for a product, so choice A is correct. Choice B is incorrect because the product engendered little or no interest, so there was no demand to fall. Choice C is incorrect because negative demand means that consumers dislike a product so much that they will pay more for a similar product; there is no evidence in the question to support this. Latent demand, choice D, is incorrect because with latent demand, consumers want a particular product, but it doesn't exist; the problem in the question is that the product existed, but consumers rejected it. Choice E is incorrect because unwholesome demand refers to demand for products that have a negative image, such as cigarettes.

18. The correct answer is D. The first step in developing a strategic marketing plan is to develop the business mission, choice D. Developing goals is step three, so choice A is incorrect. Analyzing the internal and external environment is step two, so choice B is incorrect. Developing marketing strategies is step four, so choice C is incorrect. Feedback is the final aspect of the strategic planning process, so choice E is incorrect.

19. The correct answer is A. One aspect of penetration strategy is to get existing customers to buy more product, so choice A is correct. The other two penetration strategies are to go after competitors' customers and convert them and to convert undecided buyers to customers. Choice B is incorrect because a diversification strategy would involve adding new product, and the scenario entails selling more of the existing product. Choice C is incorrect because market development involves adding new market segments to the existing base, and the scenario says that the company wants to sell more product to its existing market. Choice D is incorrect because product development involves developing new product to sell to the same market, and the scenario says that the company wants to sell the same product to the same market. Choice E is incorrect because a flank attack involves a market challenger's attack on the leader in a market.

20. The correct answer is A. A licensing agreement involves one business entity granting another the right to the use of a patent, trademark, or other right such as the right to use a name in exchange for a royalty, choice A. Choice B is incorrect because in a franchise, the grantor of the franchise (franchiser) gives an independent entity (franchisee) the right to do business in exchange for a fee as long as the franchisee operates according to the rules set down by the franchiser. Choice C is incorrect because a strategic alliance combines the capabilities of two or more companies to achieve certain common objectives, but does not include setting up a new business. Choice D is incorrect because joint ownership is ownership that is shared by two or more business entities. Choice E is incorrect because a patent is a grant of the exclusive right to make, use, and sell an item for a period of time; it is issued by the government.

21. The correct answer is A. Social status is not an economic factor, so it is the correct answer to the question. The business cycle, unemployment, inflation, and income distribution are all economic factors that

affect buying and purchasing patterns, so choices B, C, D, and E are incorrect answers to the question.

22. The correct answer is E. The lifestyle orientations listed in this question are five of the eight orientations that resulted from the Stanford Research Institute's refining of its earlier values and lifestyle research. The eight are actualizers, fullfilleds, believers, achievers, strivers, experiencers, makers, and strugglers. A hybrid auto is typically a social responsible purchase, so choice E is correct because actualizers are socially conscious and have the education and resources to act on their convictions. Choice B is incorrect because believers are very traditional, morally conservative, and have moderate incomes. Choice C is incorrect because experiencers are typically young and single with small incomes that they spend on trendy goods. Choice D is incorrect because strivers make low to moderate incomes and spend money on goods that they believe give them prestige.

23. The correct answer is D. Environmental protection laws are not one of the four categories of laws that regulate business, so choice D is the correct answer to the question. Laws regulating competition, consumer protection, maintenance of the competitive environment, and deregulation of certain industries are all categories of laws that regulate business, so choices A, B, C, and E are incorrect answers to the question.

24. The correct answer is A. A limit that is imposed on exports by a government is known as an export quota, choice A. Choice B is incorrect because risk reduction doesn't make sense in this context. Choice C is incorrect because an embargo prohibits all trade on whole categories of products, on certain products to certain countries, or to all products to certain countries; an embargo covers both exports and imports. Choice D is incorrect because an export control prohibits export of certain goods such as electronics to certain countries for security reasons. Choice E is incorrect because a tariff, or duty, is a tax on imports.

25. The correct answer is B. The amount of space that a company's product receives in a retail situation is shelf space, so choice B is correct. Retail space is a general term for space in a building that is used for retail stores, so choice A is incorrect. Choice C is incorrect because product visibility is awareness of a product in the marketplace; it results from persistence, precision, and repetition of the product message. Choice D is incorrect because shelf life is the amount of time that a product such as milk may be stored without it's becoming unusable. Choice E is a distractor and incorrect.

26. The correct answer is E. A pricing objective is to discourage competitors from cutting their prices on similar product, so choice E is not true, but is the correct answer to the question. Taking market leadership, indicating product quality, recouping research and development costs, and discouraging possible entrants into the market are all objectives of pricing, so choices A, B, C, and D are incorrect answers to the question.

27. The correct answer is E. A concentrated marketing strategy is one that focuses its efforts on a particular market segment such as people interested in buying timeshares, choice E. Choice A is incorrect because companies selling processed foods typically use an undifferentiated strategy. Choice B is incorrect because automakers typically produce several makes and models, or brands, of cars and target each brand to a different market segment, an example of differentiated marketing. Choice C is incorrect because cosmetics manufacturers also typically use differentiated marketing. Choice D is incorrect because software programs for home and office appeal to a wide variety of consumers.

28. The correct answer is B. The four facilitating functions of marketing managers are grading, financing, risk taking, and developing market information. Choice B includes two of these functions, financing and risk taking, so choice B is correct. Choice A is incorrect because transportation and storage are the two functions of physical distribution. Choice C is incorrect because buying and selling are exchange functions. Choice D is incorrect because developing market information is a facilitating function, but inventory control is not.

Inventory control is part of storage. Choice E is incorrect because buying and selling are exchange functions and transportation and storage are physical distribution functions.

29. The correct answer is B. Before any research can be collected, the type of research that must be gathered has to be determined. This is part of developing an approach to the research problem, also known as conducting a situation analysis, choice B. Choice A is incorrect because designing the survey instrument is part of designing the research plan, the third step in the market research process. Choice C is incorrect because gathering the data is the fourth step in the process. Choice D is incorrect because determining metrics is part of designing the research plan. So is deciding on the research sample, so choice E is incorrect.

30. The correct answer is E. Licensing requirements are one of the tactics that host countries impose on foreign companies to limit imports, so choice E is not one of the reasons that companies decide to export products and the correct answer to the question. Benefiting from financial incentives, extending product life, exploiting comparative advantage, and increasing sales are all reasons that companies export products, so choices A, B, C, and D are incorrect.

31. The correct answer is D. Self-selection bias is bias for or against something that may be introduced into a survey as a result of people volunteering to answer the survey, choice D. Choice A is incorrect because the halo effect is the tendency of respondents to extend a favorable perception of a part to the whole. Interviewer bias involves the attitudes and actions of the interviewer leading to distortion of survey findings, so eliminate choice B. Choice C is incorrect because response bias is not a recognized term. Choice E is incorrect because an unrestricted sample is a sample used for market research purposes that does not limit respondents to certain segments of the population.

32. The correct answer is B. A nonprofit's customers are its users, choice B. Choice A, funders, is important to nonprofits for survival, but they are not the customers of its services, so choice A is incorrect. Nonprofits must abide by the rules and regulations of the agencies that regulate them, but these government agencies are not their customers, so choice C is incorrect. The public has a stake in the work and survival of nonprofits, but the public is not a nonprofit's customers, so eliminate choice D. Choice E is incorrect because a nonprofit's board of directors provides governance for it, but the board is not a customer of the nonprofit.

33. The correct answer is D. Bait and switch, choice D, occurs when retailers offer a product at a very low price, in a very limited quantity, or of inferior quality to get customers into the store with the intention of selling them a higher priced product. Besides being unethical, it is illegal. Choice A is incorrect because upselling is suggesting to a customer a more expensive product or additional services. Choice B is incorrect because cross selling is the same as upselling. Choice C is incorrect because false advertising uses misleading information in an attempt to persuade consumers to buy something; it, too, is illegal. Choice E is incorrect because a trade promotion is an incentive given by a manufacturer to wholesalers and retailers to promote the manufacturer's product.

34. The correct answer is B. In marketing products, companies want to maximize profits, return on investment (ROI), and revenue, so only choice B is correct. Choice A is incorrect because companies want to minimize costs, not maximize them. Choice C is incorrect because maximizing customer satisfaction is a tactic used to maximize revenue, profits, and ROI. Choices D and E are incorrect because maximizing brand acceptance is a tactic used to maximize revenue, profits, and ROI.

35. The correct answer is D. Bankers along with insurance companies and credit companies are part of financial intermediaries, a subcategory of marketing intermediaries, choice D. Choice A, implementors, doesn't make sense. Choice B is incorrect because suppliers is a category of its own in the microenvironment.

Choice C is incorrect because publics is a category of its own in the microenvironment. Choice E is incorrect because customers is a category of its own in the microenvironment.

36. The correct answer is B. The volume of direct mail pieces has decreased as social influence marketing (SIM) has increased, so choice B is the correct answer. Choice A is incorrect because online advertising and SIM use promotions. Choice C is incorrect because virtual gifting can be a form of online SIM. Choice D is incorrect because the use of display ads has not decreased as a result of SIM, but can be a tactic of SIM. Choice E is incorrect because blogs are part of SIM.

37. The correct answer is D. One metric that can be used to determine the influence that a brand has in the blogosphere is how often visitors post comments on the brand's blog, choice D. Choice A is incorrect because total number of unique visitors is a measure of traffic, not influence. Choice B is incorrect because page views measure traffic, not influence. Choice C is incorrect because a click-through is a measure of how many visitors to a site click on an ad to go to the advertiser's site. Choice E is incorrect because comments on competitors' blogs measure the influence of competitors' brands.

38. The correct answer is B. Secondary research has little cost in relation to primary research; the person/department that ordered the primary research project paid for it. High cost is not a disadvantage of secondary research, so choice B is the correct answer. Lack of applicability, datedness of the data, inaccuracies and unreliability of the data, and insufficient data are all disadvantages that secondary data may hold for a research project, so choices A, C, D, and E are incorrect answers to the question.

39. The correct answer is A. Choice A, a computer chip, is considered a component part because it is used in manufacturing another product. Choices B, C, and E are incorrect because paint, brooms, and lubrication oil belong to the category of supplies. Choice D is incorrect because margarine is a convenience product.

40. The correct answer is A. The five factors that marketers look for in determining whether a market segmentation is worthwhile pursuing are whether it is substantial, homogeneous within, heterogeneous in relation to other segments, accessible, and operational. Choices B, C, and E are incorrect because well defined is not a category. Choice D is incorrect because determining income level is one of the subcategories that is analyzed in measuring a potential segment; it's an operational factor.

41. The correct answer is B. The societal approach to marketing considers the company's goals, the needs and wants of customers, and the best interests of society in making decisions and developing strategies. Choice A is incorrect because social responsibility is one factor that is considered in the societal approach and businesses would not succeed if social responsibility was the governing factor. Choice C is incorrect for the same reason that choice B is incorrect. Choice D is incorrect because the societal marketing philosophy is not the same as social media marketing. Choice E is incorrect because whereas eco-friendly considerations may be part of any given decisions based on societal marketing, "green" is not the same as societal marketing.

42. The correct answer is E. There are several possible channels for industrial products, but choice E is the only correct one listed in the answers. (Others are manufacturer to industrial customer; manufacturer to industrial distributor to industrial customer; manufacturer to manufacturer's sales force to industrial distributor to industrial customer.) Choice A is incorrect because retailers are part of the consumer distribution channel, not the industrial channel. Choice B is incorrect because jobbers and retailers are part of the consumer channel, not the industrial channel. Choices C and D are incorrect because wholesalers are part of the consumer distribution channel, not the industrial channel.

- 43. The correct answer is D.** While sociographics, the analysis of social networks, may be useful in marketing by nonprofits, global marketing, and mass marketing using the Internet, the best answer is social influence marketing (SIM), choice D, because it's the most precise. Choice B is incorrect because sociographics has less applicability in the business-to-business area. Choices A, C, and E are incorrect because SIM is the most precise answer.
- 44. The correct answer is C.** Choice C describes the functionality of the package—its structure and design—not its label, so choice C is the correct answer to the question. Ability to attract customers' attention and listing of product ingredients and product information as well as the need for multiple languages on products sold in multiple countries are all characteristics of labels, so choices A, B, D, and E are incorrect.
- 45. The correct answer is D.** A drop shipper, choice D, receives orders from customers, passes the orders to manufacturers to fill, and receives a percentage of the sales as compensation. Choice A is incorrect because a selling agent sells a single manufacturer's product line. Choice B is incorrect because a full-service wholesaler buys, inventories, warehouses, and delivers merchandise and provides other services such as research, sales promotions, and a sales force. Choice C is incorrect because a purchasing agent works for retailers and selects products for sale, and may warehouse the goods. Choice E is incorrect because a rack jobber sets up displays in stores and sells products on consignment.
- 46. The correct answer is E.** Advertising an expensive foreign-made car with a campaign based on turning people's heads could be built on Maslow's fourth level, esteem or prestige, choice E. Choice A is incorrect because the first level, physiological, deals with basic biological needs such as satisfying hunger. Choice B is incorrect because love, affection, and belongingness is the third level and refers to the need to give and receive love and affection and develop a sense of belonging. Choice C is incorrect because safety is the second level. Choice D is incorrect because self-actualization refers to the need to achieve personal growth.
- 47. The correct answer is B.** ISIC stands for International Standard Industrial Classification, choice B. It is the international version of the North American Industry Classification System (NAICS) that replaced the Standard Industrial Classification (SIC) in 1997. Both categorize economic data. Choices A, C, D, and E are incorrect because ISIC stands for International Standard Industrial Classification.
- 48. The correct answer is D.** The goal of a public service ad is to raise awareness of an issue that will benefit the public in some way. An ad to raise breast cancer awareness classifies as a public service ad, so choice D is correct. Choice A is incorrect because the ad for an antidepressant benefits the manufacturer. Choice B is incorrect because the ad for family night benefits the baseball organization, a for-profit company. Choice C is incorrect because the political ad is paid for by the political candidate or supporters of the candidate to benefit the candidate. Choice E is incorrect because the purpose of the ad is to get people to use the hospital.
- 49. The correct answer is A.** Identifying potential markets is market segmentation, choice A. Choice B is incorrect because positioning refers to how a product is perceived by customers. Choice C is incorrect because forecasting is estimating future sales potential. Choice D is incorrect because targeting is selecting which segment to market to. Choice E is incorrect because an environmental audit, or analysis, is the collection of data about internal and external conditions affecting marketing decisions.
- 50. The correct answer is A.** The number of languages in a nation is a cultural influence, not a government-political influence, so choice A is the correct answer to the question. Political stability, the competitive environment, the tax system, and the legal system are all governmental influences of a host country, so choices B, C, D, and E are incorrect.
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51. The correct answer is E. Choice E is correct because qualitative research is not used for developing generalizations about the market. Choice A is incorrect because qualitative research is subjective, not objective. Choice B is incorrect because qualitative research is not reducible to machine tabulation. Choice C is incorrect because qualitative research is systematic in design. Choice D is incorrect because qualitative research is inductive, not deductive.

52. The correct answer is B. A brand may be a person (celebrity), product (autos), place (theme park), or service (accounting company) that buyers perceive as having unique added values that match their needs more than competitors, so choice B is correct. Choice A is incorrect because a value is a characteristic of a brand, but not the brand itself. Choice C is incorrect because it omits person. Choice D is incorrect because it includes value, but does not include person. Choice E is incorrect because it includes quality and value and omits person and place.

53. The correct answer is D. Competitive advertising is typically a feature of the maturity stage of the product life cycle, choice D. Choice A is incorrect because advertising is not used during the product development stage; this is premarket. The task of advertising in the introduction stage of the product life cycle is to build awareness in consumers, that is, to inform consumers, so choice B is incorrect. Choice C is incorrect because advertising in the growth stage is typically persuasive, to create a favorable attitude in consumers so they purchase the product. Choice E is incorrect because advertising in the decline stage of the product life cycle is to inform consumers about the product.

54. The correct answer is C. A cancelled concert tour is an example of the perishable nature of services, so choice C is the correct answer. Choice A is incorrect because the difficulty in achieving economies of scale is a problem with the labor intensity of services, not their perishability. Choice B is incorrect because quality is an example of intangibility, another attribute of services. Choice D is incorrect because the interconnectedness of the provider with the services is the inseparability of services. Choice E is incorrect because the seasonal nature of certain jobs relates to the variability attribute of service products.

55. The correct answer is B. In a pure competitive environment, companies have no control over pricing, so choice B is correct. Choices A, C, D, and E are incorrect because in a pure competitive environment, which exists as a model for the most part, a company has no control over pricing.

56. The correct answer is D. A modified rebuy is buying new products from a current supplier, so choice D is correct. A modified rebuy may also be the purchase of a previously purchased product from a new supplier. Choice A is incorrect because a straight buy is not a recognized term. Choice B is incorrect because a straight rebuy is buying the same product from the same supplier as previous orders. Choice C is incorrect because new task buying is buying a product that has not been bought before. Choice E is incorrect because modified buy is not a recognized term.

57. The correct answer is D. A recommendation from a friend or family who uses a product is not a step in the consumer adoption process, although user recommendations may be part of building awareness. Because it is not a step, choice D is not true, but the correct answer. Trial is the fourth step, so choice A is incorrect. Choice B, awareness, is the first step, so it is incorrect. Choice C, evaluation, is the third step, so it is incorrect. Choice E, interest, is the second step, so it is incorrect. The missing fifth step is adoption.

58. The correct answer is A. Modifying a product to meet consumer needs in a foreign market while keeping the same promotion is called product adaptation and promotion extension, choice A. It is most often the marketing strategy that companies entering foreign markets use. Choice B is incorrect because the product

is adapted, but the promotion remains the same in the question and this answer reverses that scenario. Choice C is incorrect because the product is changed in the question scenario. Choice D is incorrect because in the scenario the promotion remains the same. Choice E is incorrect because a new product is not developed; the existing product is adapted and the promotion remains the same. Choice E does describe forward invention for foreign markets.

59. The correct answer is B. The production of product includes purchasing, manufacturing, quality control, warehousing, and shipping. Choice B includes three correct elements: purchasing, manufacturing, and warehousing, so choice B is correct. Choice A is incorrect because product design is part of engineering research prior to manufacturing. Choices C and E are incorrect because test marketing is part of market research. Choice D is incorrect because test marketing is part of market research.

60. The correct answer is B. Loss leader pricing is a sales promotion technique that is used to get people into a store with the hope that they will buy more expensive products, so choice B is correct. Choice A is incorrect because it describes reference pricing. Choice C is incorrect because it describes economy pricing and is used for goods such as bread. Choice D is incorrect because it describes value-in-use pricing. Choice E is incorrect for two reasons. First, it does not describe loss leader pricing and, second, product bundle pricing is pricing based on bundling several products together, not necessarily to get rid of inventory, but to make product more attractive to buyers.

61. The correct answer is B. There is a shakeout of competitors as sales increase at a decreasing rate and price begins to decrease during the maturity stage of the product life cycle, so choice B is correct. Choice A is incorrect because the number of competitors grows rapidly during the growth stage. Choice C is incorrect because the maturity stage is not a growth stage; competitors leave the market. Choices D and E are incorrect because competitors leave the market during the maturity stage.

62. The correct answer is D. Selecting distribution channels is not a market research task, so choice D is the correct answer to the question. Identifying market segments, test marketing, conducting focus groups, and measuring brand loyalty are all tasks of market research, so choices A, B, C, and E are incorrect answers to the question.

63. The correct answer is B. The rate of adoption of new products in the marketplace is called the diffusion process, so choice B is correct. Choice A is incorrect because the innovation process is the name used for the development and marketing of new products within companies. Choices C, D, and E are incorrect because they are distractors meant to confuse because the diffusion process is the rate of adoption of new products in the marketplace.

64. The correct answer is D. Karen recognizes the brand and refuses to buy it, so she exhibits brand rejection, choice D. Choice A is incorrect because brand preference means that the consumer prefers one brand and typically buys it, but will not necessarily seek it out. Choice B is incorrect because brand recognition means simply that the consumer recognizes the brand when he/she sees it. In this case, Karen recognizes the brand, but won't buy it, so choice D is a better answer. Choice C is incorrect because brand indifference means that a consumer has a low degree of brand loyalty; choice D is a better answer because Karen is more than indifferent to the brand. Choice E is incorrect because brand disinterest is not a recognized term.

65. The correct answer is B. User rate, buyer readiness, product loyalty, and desired benefits are all behavioristic criteria, so choices A, C, D, and E are incorrect answers to the question. Choice B, occupational status, is a demographic criterion, so it is the correct answer to the question.

66. The correct answer is B. Distribution centers, choice B, warehouse goods, take and process orders, and ship the filled orders to customers in specific areas. Choice A is incorrect because a customer service center answers questions from customers; it doesn't warehouse or ship goods. Choice C, call centers, is incorrect for several reasons. A call center may make outgoing calls to sell product or it may just take incoming calls from customers wishing to place orders; it may also do both as well as answer queries from customers about products and orders. A call center doesn't warehouse or ship product. Choice D is incorrect because a transportation mode is a method of moving product from one place to another; intermodal means that there are two or more methods involved. Choice E is incorrect because a merchant wholesaler is an independent company that buys and inventories product from a manufacturer; the scenario indicates that the Peters Manufacturing Company owns the centers.

67. The correct answer is D. Using intermediaries in the distribution channel indicates that a company is using an indirect channel approach, choice D. Choice A is incorrect and irrelevant; a corporate channel refers to the ownership of intermediaries, not their use. Choice B is incorrect and irrelevant; vertical integration refers to buying intermediaries at different levels of the distribution channel, not their use. Choice C is incorrect and irrelevant; horizontal integration refers to buying intermediaries on the same level within a distribution channel. Choice E is incorrect because a direct channel uses no intermediaries between the manufacturer and the final consumer.

68. The correct answer is B. Erasing wrinkles and brightening skin are both qualities that promise a youthful appearance, so choice B is correct. Choice A is incorrect because scarcity plays on limited supplies or a limited time frame. Choice C is incorrect because snob appeal suggests that the user will create a feeling of envy in those who see the buyer using the product or see the effects of using the product. Choice D is incorrect because there is no suggestion of humor in the execution of the ad. Choice E is incorrect because social appeal suggests that the purchaser will gain respect, status, and/or similar responses from others.

69. The correct answer is D. Catalogue shopping is not a form of media marketing, so choice D is the correct answer to the question. Infomercials, Internet shopping, home shopping channels, and mobile Web apps are all forms of media marketing, so choices A, B, C, and E are incorrect answers to the question.

70. The correct answer is C. Choice C is correct because cookies enable advertisers to customize content to repeat visitors. Choice A is incorrect because cookies don't identify social networks, although there are programs that enable advertisers to identify social networks. Choice B is incorrect because cookies don't measure page views, although advertisers can measure page views. Choice D is incorrect because cookies don't track visitors when they leave sites. Choice E is incorrect because cookies enable advertisers to treat each visitor as unique.

71. The correct answer is B. CPM stands for cost per mille, "mille" meaning thousand in Latin, so choice B is correct. CPM is a standard measure of online advertising costs, such as \$100 per 1,000 appearances on a Web site. Choices A, C, D, and E are incorrect because CPM stands for cost per mille, or thousand.

72. The correct answer is D. The use of dynamic, or variable, pricing is a characteristic of e-commerce, so choice D is the correct answer. Choice A is incorrect; setting prices can be based on supply and demand, but supply pricing is not the correct term. Choice B is incorrect because "name your own price" is an example of dynamic pricing. Choices C and E are incorrect as terms, but conditions and situations in the e-market can affect pricing.

73. The correct answer is C. Influencers do not necessarily have money, so choice C is correct. Their value

to marketers is in their ability to influence others to buy. Choices A, B, D, and E are incorrect because influencers tend to be trendsetters and early adopters, have large social networks, are respected, and are active members of their communities.

74. The correct answer is A. A situation analysis deals with the three C's: company, customers, and competitors. Market size, the benefits that customers are looking for, and the frequency of purchase are three elements of the customer environment that a company would analyze in considering new product development, so choice A is correct. Choice B is incorrect because product line is an internal company component, not a customer-based factor. Choice C is incorrect because suppliers and distributors are not components of the customer environment. Choice D is incorrect because competitors' products belong to the competitors' environment, not the customers'. Choice E is incorrect because the company's image in the marketplace is a company-based factor, not a customer-based factor.

75. The correct answer is B. The decision support system (DSS) aids market research in a number of ways including identifying target markets, so choice B is correct. Choice A is incorrect because inventory analysis affects inventory control. Choice C is incorrect because sales forecasting is a separate area where DSS is used. Choice D is incorrect because estimating the value of long-term customers is not an aspect of market research, but of sales and finance. Choice E is incorrect because regression relates to sales forecasting, not survey results.

76. The correct answer is D. High-involvement decision-making behavior comes into play when a purchase is important to the person making the purchase and is relatively expensive, the purchaser expects to receive a great deal of benefit from the purchase, and there is risk involved. The purchaser also lacks information about the intended purchase and expends time and energy conducting research. Only choice D satisfies all criteria for a high-involvement decision, so choice D is correct. Eliminate choice A. A week's worth of groceries may be expensive, especially for larger families, and the purchase is important to the purchaser, but, in relative terms, the risk and benefits are not great and the purchaser probably spent little time researching the products purchased. Choice B is incorrect; although a great amount of time can be spent finding a suitable vacation rental and the renters expect great benefits for their money, choice D is a better answer because the expense is greater and the benefits and consequences are long lasting. Choice C is incorrect; while buying a tuxedo is important to the buyer who expects certain benefits from owning a tuxedo over a period of time, the cost and risk are considerably less when compared to buying an SUV. The same is true for Choice E, outfitting a student dorm room.

77. The correct answer is D. Cognitive dissonance, in some circumstances referred to as buyer's remorse, is post-purchase behavior in which a purchaser has second thoughts about the wisdom of the purchase, so choice D is correct. Choice A is incorrect because the correct term is cognitive dissonance. Choices B and C are incorrect because the term is cognitive dissonance, choice D. Choice E is incorrect because bounce back refers to a coupon that is given to a customer after a purchase to induce the person to make the same purchase again or buy at the same store.

78. The correct answer is E. Accepting recycled electronics at home and then sending them abroad for disposal may reduce harm to the home country's environment, but does nothing for the other country or the environment in general, so choice E is not "green" marketing. Using post-consumer waste in new products, reducing product packaging, sponsoring environmental activities, and allowing opt-out for direct mail promotions are all examples of "green" marketing, so choices A, B, C, and D are incorrect.

79. The correct answer is E. Stickiness can be measured by the average minutes per month that visitors spend on a Web site, a combination of the number of repeat visits and time spent per visit. Although

stickiness can also be measured in the number of page views, choice D qualifies the answer as "repeat" visits, not simply one-time page views, or visits, so choice D is incorrect. Choice A is incorrect; the money spent, or monetary value of visitors, is one measure of a Web site's effectiveness, but not of its stickiness. Choice B is incorrect because click-throughs don't measure stickiness, although they initiate time spent on a site. Choice C is incorrect because the ease of searching a site is not a measure of stickiness, although it may contribute to why a person visits and uses the site.

80. The correct answer is B. The downside to a multibrand strategy is that some brands eat into the sales for a company's other brands, so choice B is the correct answer. However, by using a multibrand strategy, a company aims to attract more customers overall, thereby increasing revenue and hopefully profitability. Choices A, C, D, and E are all advantages that a multibrand strategy affords a company, so they are incorrect answers to the question.

81. The correct answer is C. Choice C is correct because the customer stability factor in the maturity stage of the product life cycle is characterized by customer loyalty and well-established buying patterns. Choice A is incorrect because there is little customer loyalty in the introduction stage of the product life cycle. Choice B is incorrect because the customer base is very stable in the declining stage of the product life cycle. Choice D is incorrect because the growth stage is characterized by some loyalty. Choice E is incorrect because the maturity phase is characterized by well-established buying patterns and customer loyalty.

82. The correct answer is A. Like a for-profit organization, a nonprofit first has to define its target market for promotion, so choice A is correct. Developing promotional materials, maintaining a database of donors, implementing a social media marketing program, and creating a Web site are all steps that nonprofits should take, so choices B, C, D, and E are all true, but without an identified target market, the steps will not be effective. Choice A is the best answer.

83. The correct answer is D. A generic brand is a low-priced item that has no individual brand, so choice D is correct. Choice A is incorrect because a product line extension is the addition of a product to an existing line. Choice B is incorrect because a brand extension is the addition of a product marketed under the same brand as previously introduced product. Choice C is incorrect because a brand generic is the second half of a product's name and identifies its general class (Tasty muffin mix, not Tasty Muffins Deluxe). Choice E is incorrect because brand choice means having different brands to choose from.

84. The correct answer is B. Marketing several items together creates a product bundle, or package, choice B. To entice customers to buy the bundle, the price is discounted over the individual pieces if sold separately. Choice A is incorrect because a cross promotion unites two or more organizations in advertising complementary products together. Choice C is incorrect because product integration is placement of a product in the context of a movie, TV/cable show, news program, or other medium without calling attention to the product; it's not an obvious advertisement. It is also called product placement. Choice D is incorrect because while a discount is typically involved, discount program is not the correct term. Choice E is incorrect because while the products may complement one another, complementary product is not the correct term.

85. The correct answer is B. A company can't control economic conditions, so choice B is the correct answer to the question. Price, advertising, distribution, and personal selling are all within the ability of a company to control, so choices A, C, D, and E are incorrect answers to this NOT question.

86. The correct answer is E. In addition to deciders, decision making in an organization include buyers, users, influencers, and gatekeepers, so choice E is the most complete and only correct answer. Choice A is incorrect because marketers aren't part of the decision-making process. Choice B is incorrect because it

includes marketers and goaltenders, both of which are incorrect. Choice C is incorrect because goaltenders is incorrect and meant to create confusion with gatekeeper. Choice D is incorrect because marketers is incorrect.

87. The correct answer is B. Speeding the automated delivery of orders and invoices, choice B, typically facilitates the place function for companies. Choice A is incorrect because reducing customer service costs benefits price. Choice C is incorrect because saving money on market research also benefits price. Choices D and E are incorrect because both offering discounts and coupons and updating advertising and online catalogues benefit promotion.

88. The correct answer is E. Choice E is incorrect because export duties don't affect importers and exchange trading companies (ETC) have no control over export duties, which are set by governments. Arranging for financing, conducting research on new products, providing for promotional activities at trade shows, and arranging for packaging are all functions that ETCs can offer importers, so choices A, B, C, and D are incorrect.

89. The correct answer is E. A SWOT analysis identifies a company's own strengths and weaknesses and the opportunities and threats to it in the marketplace, so choice E is correct. A SWOT analysis is similar to a situation analysis. Choice A is incorrect because it omits opportunities. Choice B is incorrect because a SWOT analysis doesn't look at competitors' strengths and weaknesses. Choice C is incorrect because a SWOT analysis doesn't look at competitor's strengths, weaknesses, opportunities, or threats in the marketplace except for threats in relation to the company doing the analysis. Choice D is incorrect because a SWOT analysis looks at internal strengths and weaknesses and external opportunities and threats.

90. The correct answer is B. A strong brand name, choice B, is an indicator of customer goodwill toward a company. Sponsoring events given by nonprofits, proactive post-purchase customer relations, price reduction promotions, and loyal-customer programs are all ways to build customer goodwill, but are not examples of goodwill, so choices A, C, D, and E are incorrect.

91. The correct answer is E. Benefits sought is a subcategory of behavioristic criteria used in determining market segmentation; the subcategory is based on attracting a market segment interested in certain benefits of a product, so choice E is correct. Choice A is incorrect; demographics is a category of criteria that includes such characteristics as age, income, gender, and similar information. Choice B is incorrect because usage rate, another subcategory of behavioristic criteria, identifies the small percent of the population that buys a disproportionate amount of a particular product. Choice C is incorrect because buyer readiness, also a behavioristic criterion, indicates the readiness of buyers to make a decision and then to buy the product. Choice D is incorrect because lifestyle relates to how people live and is an aspect of psychographic criteria.

92. The correct answer is B. An intranet, choice B, is a private computer network maintained by a company or an organization that limits access to it to employees of the company or organization. The only way unauthorized people can view it is by hacking it, which is illegal. Search directories, social media sites, discussion groups, and periodical and newspaper archives can all be valuable sources of secondary information for market researchers, so choices A, C, D, and E are incorrect.

93. The correct answer is C. Focus groups are best used in new product development to find out the issues that are important to consumers, choice C. Choices A, B, and E are incorrect because focus groups provide too small a sample to produce valid information on market potential, pricing, or inventory management. Choice D is incorrect because the best use of focus groups is to determine issues that concern consumers in terms of particular product categories.

94. The correct answer is A. When something that was free is now charged for, the terms of sale have been changed, choice A. Choice B is incorrect because changing quality refers to increasing or decreasing the materials or ingredients in a product. Choice C is incorrect because charging for something that was once free is not changing the price based on changes to the amount or size of a product. Choice D is incorrect because charging for something that was once free is not necessarily based on supply and demand. Choice E is incorrect because full demand occurs when a company has all the business that it can handle.

95. The correct answer is D. The phenomenon described in the question is known as the wheel of retailing theory, choice D. As retailers mature, they tend to add more product lines and services until they become department stores. Choices A, B, C, and E are meant to confuse by using some of the words that fit with the idea, but the recognized term is choice D, wheel of retailing.

96. The correct answer is B. Including the resume of the executive director is not appropriate, so choice B is the correct answer to the question. However, noting a former affiliation of the executive director may be useful if there is a connection to the current organization, for example, noting that the executive director of an opera company was once an opera star. Listing the organization's services, opportunities for donations, testimonials from users, and the organization's mission are appropriate inclusions in nonprofit marketing materials, so choices A, C, D, and E are incorrect.

97. The correct answer is E. An ad that uses a lifestyle creative approach shows how easily the product fits into a certain lifestyle, so choice E is the best answer. Choice A is incorrect because the use of animated characters means that the commercial is using animation as its execution style. Choice B is incorrect because this ad uses fantasy to get its message across. Choice C is incorrect because using a movie star or any other well-known celebrity is the personality execution type. Choice D is incorrect because this type of ad uses comparison to make its point.

98. The correct answer is A. The focus of integrated marketing communications (IMC) is to connect all facets of internal and external marketing to communicate a single sales-related message to stakeholders, so choice A is correct. Choice B is incorrect because advertising based on IMC tailors its message to segments rather than broadcasting a single message to the broad market. Choice C is incorrect because loyalty programs are promotions, not advertising. Choice D is incorrect because the reverse is true; more emphasis is placed on nontraditional media, such as online and mobile marketing. Choice E is incorrect because building relationships with customers—and everyone in the marketing mix—is a goal of IMC.

99. The correct answer is D. The brand name is an intangible aspect of a product and isn't one of the services that can be used to enhance a product, so choice D is the correct answer to this EXCEPT question. Warranties, delivery—whether or not it is free, financing, and add-ons such as a free printing kit with the purchase of a photo printer are all services that companies use to enhance products, so choice A, B, C, and E are incorrect.

100. The correct answer is B. Churn rate is the number of customers who stop doing business with a company, also known as the attrition rate, so choice B is correct. Choices A, C, D, and E are incorrect because churn rate is the number of customers who stop doing business with a company.