

1. Advertising and marketing are the same thing. True or false?

True

False

Answer:

False

2. The American Marketing Association's definition of marketing is; 'Marketing is the set of activities which lead to profitable exchanges which add value to the seller's business'. True or false?

True

False

Answer:

False

3. A company which invests most of its budget into sales training and support of their sales teams, is likely to have a market orientation. True or false?

True

False

Answer:

False

4. Transactional marketing is more concerned with making the immediate sale than with building relationships. True or false?

True

False

Answer:

True

5. Regular customers are all brand loyal. True or false?

True

False

Answer:

False

6. Define the term 'market'.

- a. a place where similar products grouped together
- b. a competitive high street
- c. a place where buyers and sellers meet
- d. a basket of goods
- e. a shopping mall

Answer:

c. a place where buyers and sellers meet

7. How might you categorise the market for office photocopiers?

- a. B2C

- b. B2B
- c. C2C
- d. C2B
- e. B2B

Answer:

b. B2B

8. What is the difference between the term 'customer' and the term 'consumer'?

- a. There is no difference.
- b. The term consumer refers only to people who buy food and drink products.
- c. Customers buy products but it is consumers who use them.
- d. Customers make organisational rather than personal purchases.
- e. Consumers buy products on behalf of customers.

Answer:

c. Customers buy products but it is consumers who use them.

9. In what way does an organisation's 'strategic orientation' affect the way it operates?

- a. It guides the organisation's marketing activities and strategy.
- b. It dictates appropriate sources of funding.
- c. It assists the government in classifying the organisation.
- d. It affects shareholders' decisions about how the organisation should be run.
- e. It helps an organisation to choose the best advertising strategy.

Answer:

a. It guides the organisation's marketing activities and strategy.

10. Which form of strategic orientation focuses on customers and competition?

- a. customer orientation
- b. product orientation
- c. sales orientation
- d. societal orientation
- e. market orientation

Answer:

e. market orientation

11. Why is marketing important in a demand-driven economy?

- a. Consumers have lots of choice.
- b. There is competition for customers.
- c. Supply often exceeds demand.
- d. All of the above.
- e. None of the above.

Answer:

d. All of the above.

12. It is often said that marketing is about managing the exchange process. In an exchange one person or organisation gives up something of value (e.g. a product) in return for something else of value (e.g. money). If an exchange is based on good marketing principles, who benefits most and how?

- a. The seller manages to overcharge the customer without them realising it.
- b. The buyer gets away without paying.
- c. The seller persuades the customer that the product is better than it really is.
- d. It is a fair exchange that makes both seller and buyer happy.
- e. It is the most profitable exchange for the seller.

Answer:

d. It is a fair exchange that makes both seller and buyer happy.

13. It is generally recognised that one of the best ways to get an advertising message across is through word of mouth, that is, getting people to pass on the message to friends and family. Why is this such a successful way to get messages heard?

- a. It is free as there is no need to do any advertising.
- b. The message reaches lots of people fast and is more likely to be believed.
- c. The message is not wasted on people who will not buy your products anyway.
- d. The message keeps being passed on forever and so more people hear it.
- e. The message can be more complicated as you have experts to explain it.

Answer:

b. The message reaches lots of people fast and is more likely to be believed.

14. Many consumers now ask other consumers for advice on products rather than consulting manufacturers or retailers. What makes it easier for them to do this?

- a. Modern mobile phones have internet connections and more sophisticated cameras.
- b. New European regulations mean that manufacturers no longer have exclusive rights to give advice and guidance about their products.
- c. The Consumers' Association has run a number of conferences and set up an *advice share* network.
- d. The government has encouraged manufacturers to delegate this responsibility to other consumers in order to save costs.
- e. Social networking sites, blogs and online reviews have made it easier and cheaper for consumers to self-publish and communicate.

Answer:

e. Social networking sites, blogs and online reviews have made it easier and cheaper for consumers to self-publish and communicate.

15. How is a 'supply-led' market characterised?

- a. There is a surplus of goods for sale.
- b. There is a shortage of goods for sale.
- c. There is an exact match between goods available for sale and goods wanted for purchase.
- d. There are no goods available.
- e. There are too many suppliers.

Answer:

b. There is a shortage of goods for sale.

16. What is 'marketing communications' an alternative term for?

- a. promotion
- b. email
- c. sales talk
- d. price lists
- e. product literature

Answer:

a. promotion

17. What is the point where the supply curve and the demand curve cross called?

- a. breakeven point
- b. equilibrium point
- c. point of balance
- d. apex point
- e. maximising point

Answer:

b. equilibrium point

18. What is the term for a market in which products are sold to organisations who will use them to make other products? For example, flour may be sold to a bakery which uses it to bake cakes.

- a. consumer market
- b. reseller market
- c. B2B market
- d. industrial market
- e. supplier market

Answer:

d. industrial market

19. What are brand ambassadors?

- a. salespeople who work on a particular brand, or range of brands
- b. bloggers who advocate the benefits of branding
- c. individuals who feel strongly about a brand and recommend it highly to other people
- d. export agents who make the first approaches to distributors in a foreign market
- e. the first people to try a new brand

Answer:

c. individuals who feel strongly about a brand and recommend it highly to other people

20. In a competitive market it is important to retain customers, keep them happy and increase the value of their orders. One of the techniques that has evolved to assist with this is called:

- a. cause-related marketing

- b. transactional marketing
- c. buzz marketing
- d. customer relationship management
- e. consumer data management

Answer:

d. customer relationship management

21. A retailer who has both an online and high street presence (e.g. John Lewis, Top Shop) is sometimes referred to as bricks and _____.

Answer:

clicks

22. In the twentieth century, many organisations moved from a product focus to a _____ focus.

Answer:

customer

23. Peter Drucker, a world renowned marketer, once famously said, 'The aim of marketing is to make _____ superfluous'

Answer:

selling

24. Market _____ is vital in understanding customer needs and how to design products and services to meet those needs.

Answer:

research

25. It is often said that 20 per cent of a firm's customers generate _____ of its profits (the Pareto principle).

Answer:

80 per cent

1. Environmental scanning is a one-off activity carried out by new companies. True or false?

True

False

Answer:

False

2. Luxembourg is a member of the European Union. True or false?

True

False

Answer:

True

3. Ferry trips and air travel can be substitute products. True or false?

True

False

Answer:

True

4. Niche brands are sold into small, well-defined markets. True or false?

True

False

Answer:

True

5. The marketing function is part of an organisation's internal environment. True or false?

True

False

Answer:

True

6. What does it mean if an organisation has significant economies of scale?

- a. It is on a tight budget.
- b. It is a large company with significant debts.
- c. Because it is a large operation, its costs per product are relatively low.
- d. Because it is a small operation, its product prices are relatively low.
- e. It is a large company with a wide range of products.

Answer:

c. Because it is a large operation, its costs per product are relatively low.

7. How would an asset-led company make decisions on what products to sell?

- a. They would choose products that made best use of their existing resources.
- b. They would choose products that would bring in the best return on investment.
- c. They would choose products that would enhance the company's image.
- d. They would just sell the products they already had.
- e. They would base their decisions on extensive market research.

Answer:

a. They would choose products that made best use of their existing resources.

8. What does the acronym PRESTCOM stand for?

- a. personal, reliable, eco-friendly, sociable, true, comprehensive, open marketing
- b. political, regulatory, environmental, sociological, technological, customer, organisation, markets
- c. political, real, economic, social, technological, competition, organisational, marketing
- d. personal, rational, eco-friendly, social, true, creative, organisations, media
- e. political, regulatory, economic, social, technological, competitive, organisational, market

Answer:

e. political, regulatory, economic, social, technological, competitive, organisational, market

9. What is the PRESTCOM analysis used for?

- a. market research
- b. idea development
- c. product review
- d. developing advertising
- e. environmental analysis

Answer:

e. environmental analysis

10. When analysing the marketing environment, which heading should the company's increased brand equity go under?

- a. political
- b. personal

- c. organisational
- d. environmental
- e. regulatory

Answer:

c. organisational

11. In a PRESTCOM analysis, under which heading would a change in the provisions of the Sale of Goods Act be placed?

- a. political
- b. regulatory
- c. social
- d. customer
- e. marketing

Answer:

b. regulatory

12. What is the correct term for an economy that is growing, in a country with full employment, and with high business confidence in the future despite rising prices?

- a. bomb
- b. bust
- c. upturn
- d. swing
- e. mixed

Answer:

c. upturn

13. Britain has an ageing population. This trend would be identified as part of which PRESTCOM environment?

- a. political
- b. regulatory
- c. social
- d. environmental
- e. market

Answer:

c. social

14. In a SWOT analysis, which two elements are part of the **internal** environment?

- a. strengths and threats
- b. opportunities and threats
- c. strengths and opportunities
- d. weaknesses and strengths
- e. weaknesses and threats

Answer:

d. weaknesses and strengths

15. The first stage of a SWOT analysis is to identify relevant variables and classify them under the SWOT headings. What is the follow-on stage?

- a. ranking the variables in order of importance to the organisation
- b. organising the variables alphabetically
- c. prioritising the variables according to their associated costs
- d. classifying the variables according to PRESTCOM
- e. identifying the easiest variables to deal with

Answer:

a. ranking the variables in order of importance to the organisation

16. Imagine you are conducting a SWOT analysis for a British manufacturer who exports to Thailand. If the Thai currency becomes unstable, which category would you place that in for your analysis?

- a. opportunity
- b. weakness
- c. economic
- d. strength
- e. threat

Answer:

e. threat

17. Identify a **close** competitor for Walker's crisps.

- a. Golden Wonder crisps
- b. Nobby's nuts
- c. mashed potato

- d. Coca-Cola
- e. sunflower oil

Answer:

b. Nobby's nuts

18. What do the three Cs of international marketing environmental analysis stand for?

- a. country, currency and culture
- b. competition, costs and culture
- c. culture, costs and climate
- d. country, climate and competition
- e. currency, climate and costs

Answer:

a. country, currency and culture

19. What is the general term given to any group or individual who can affect, or is affected by, an organisation's activities?

- a. shareholders
- b. pressure groups
- c. unions
- d. stakeholders
- e. board members

Answer:

d. stakeholders

20. Often, the first significant company to move into a market becomes the market leader. What is the term for this?

- a. first come first served
- b. first mover advantage
- c. market first
- d. last in first out
- e. organisational first

Answer:

b. first mover advantage

21. A SWOT analysis is used to analyse an organisation's current _____

Answer:

situation

22. In a SWOT analysis, _____ are external environmental trends that may be advantageous for the organisation in question.

Answer:

opportunities

23. Most other soft drinks are close competitors of Coca-Cola but Pepsi would be classified as a _____ competitor.

Answer:

direct

24. Environmental information is used in two main ways, as an input to the _____ process and as part of ongoing analysis of marketing opportunities and threats.

Answer:

planning

25. Advertising in the UK should be legal, decent, honest and _____

Answer:

truthful

Multiple Choice Quiz

Take the quiz test your understanding of the key concepts covered in the chapter. Try testing yourself before you read the chapter to see where your strengths and weaknesses are, then test yourself again once you've read the chapter to see how well you've understood.

1. When a consumer's current state matches their desired state it means that they have a problem or an unfulfilled need. True or false?

True

False

Answer:

False

2. The consumer's level of involvement in a purchase decision has a direct bearing on how they make that decision and how much time they spend on it. True or False?

True

False

Answer:

True

3. An attitude describes the way people behave when faced with difficult decisions. True or false?

True

False

Answer:

False

4. Perception is the process by which people select, organise and interpret sensory stimulation (sounds, visions, smell and touch) into a meaningful picture of the world. Without our perception, we would understand nothing. True or false?

True

False

Answer:

True

5. Language, literature, music and beliefs are all elements of a society's culture. True or false?

True

False

Answer:

True

6. What is the first stage in the purchase decision process?

- a. situation analysis
- b. information search
- c. price comparison
- d. need or problem recognition
- e. an advert

Answer:

d. need or problem recognition

7. What is the final stage in the purchase decision process?

- a. purchase
- b. post-purchase evaluation
- c. word of mouth
- d. pre-purchase evaluation
- e. price

Answer:

b. post-purchase evaluation

8. What is a consumer's awareness set?

- a. the products that a consumer has heard of that may solve their problem
- b. the adverts that a consumer likes
- c. everything a consumer knows about a product
- d. the products that a consumer is seriously considering buying
- e. the manufacturers that a consumer has heard of

Answer:

a. the products that a consumer has heard of that may solve their problem

9. What is at the highest level of Maslow's hierarchy of needs?

- a. esteem needs
- b. self-actualisation needs
- c. social needs
- d. safety needs
- e. physiological needs

Answer:

b. self-actualisation needs

10. What does the term 'evoked set' mean?

- a. products that have caused complaints
- b. a customer's close friends
- c. a consumer's shortlist of possible purchases
- d. products that stand out
- e. products whose advertising is memorable

Answer:

c. a consumer's shortlist of possible purchases

11. James recently purchased a new car, however now he is worried about whether he made the right decision. Consumer behaviourists have a term for this state of mind. What is it?

- a. purchase concern
- b. dithering
- c. post-purchase dissonance
- d. product evaluation
- e. consumer re-evaluation

Answer:

c. post-purchase dissonance

12. 14-year-old Beth is a member of the *Girls Aloud* fan club. She accesses their Facebook page regularly and is strongly influenced by what *Girls Aloud* say and wear. What kind of reference group is this fan club for Beth?

- a. aspirant group
- b. inclusive group
- c. disassociative group
- d. non-membership group
- e. membership group

Answer:

e. membership group

13. What kind of buying situation is it when a consumer buys a product regularly and there is very little financial (or any other) risk associated with its purchase? Examples might be: their favourite drink, a bar of chocolate or their daily newspaper.

- a. extended problem-solving
- b. complex problem-solving
- c. impulse problem-solving
- d. limited problem-solving
- e. routine problem-solving

Answer:

e. routine problem-solving

14. John has always loved Citroen cars and so he is delighted when he hears that a Citroen has won Top Gear's award for car of the year. It takes his friends a long time to convince him that it was actually just 'new hatchback of the year' and the overall winner was a Jaguar. John has unintentionally changed the information he heard to match his own beliefs and attitudes. What is the term for that?

- a. attitude reinforcement
- b. selective distortion
- c. enhanced perception
- d. selective retention
- e. selective hearing

Answer:

b. selective distortion

15. What are the three components of an attitude?

- a. behavioural, personality and motivation
- b. learning, belief and lifestyle
- c. family, school and work
- d. cognitive, affective and conative
- e. perception, memory and need

Answer:

d. cognitive, affective and conative

16. What are the internal influences on consumer buying behaviour?

- a. personality, perception, learning, motivation, attitudes and beliefs
- b. budget, brand loyalty, motivation, ethnicity and family
- c. family, friends, personality, lifestyle and beliefs
- d. learning, education, attitudes, values and brand loyalty
- e. lifestyle, beliefs, socio-economic grouping, understanding and family

Answer:

a. personality, perception, learning, motivation, attitudes and beliefs

17. Jo is a well-paid lawyer who loves new technology and always has to be the first to own the latest music player or phone. According to Rodgers' model, which category of adopter best describes Jo?

- a. innovator
- b. early adopter
- c. early majority
- d. late majority
- e. laggard

Answer:

a. innovator

18. Name two types of behavioural learning.

- a. cognitive learning and affective learning

- b. perceptual learning and environmental learning
- c. classical conditioning and operant conditioning
- d. conservative conditioning and radical conditioning
- e. rote learning and reflective conditioning

Answer:

c. classical conditioning and operant conditioning

19. What is a disassociative group?

- a. a dysfunctional group of people
- b. a failing team
- c. a group that has no allegiance to any cause
- d. a group that a person does not want to belong to
- e. a group that is classed above others

Answer:

d. a group that a person does not want to belong to

20. In which of the following ways the purchasing habits of organisations are rather different to those of individuals?

- a. They have more people involved in making the decision to buy.
- b. They buy in larger quantities.
- c. They negotiate harder on delivery terms.
- d. They have longer, more complex decision-making processes.
- e. All of the above.

Answer:

e. All of the above.

21. Selective _____ is the process by which stimuli are assessed and non-meaningful stimuli, or those that are inconsistent with our beliefs or experiences, are screened out.

Answer:

attention

22. An _____ describes a person's consistently favourable or unfavourable evaluation, feelings and tendencies towards an object or idea.

Answer:

attitude

23. The roles in a business decision-making unit are: initiator, user, _____, financier, gatekeeper, decider and buyer.

Answer:

influencer

24. Individuals, such as buyers, technical personnel (e.g. IT experts) or receptionists who have some control over the flow of information into an organisation, have the role of _____ within the organisational buying centre.

Answer:

gatekeeper

25. The amount of time and effort that a customer is prepared to invest in finding and buying the right product is largely determined by their level of _____ with that product and buying decision.

Answer:

involvement

Multiple Choice Quiz

Take the quiz test your understanding of the key concepts covered in the chapter. Try testing yourself before you read the chapter to see where your strengths and weaknesses are, then test yourself again once you've read the chapter to see how well you've understood.

1. Markets are product groupings. True or false?

True

False

Answer:

False

2. 'Customer' and 'consumer' mean the same thing. True or false?

True

False

Answer:

False

3. If they are homogeneous, it means that customers are likely to respond in similar ways to marketing mix elements. True or false?

True

False

Answer:

True

4. 'Benefits sought' can be used to segment both consumer and business markets. True or false?

True

False

Answer:

True

5. 'Adopter type' can be classed as a demographic variable. True or false?

True

False

Answer:

False

6. What is the term for the process of dividing a total market into subgroups so that each group consists of buyers and users who share similar characteristics, but who are different from those in the other groups?

- a. market subdivision
- b. market targeting
- c. market positioning
- d. market segmentation
- e. niche marketing

Answer:

d. market segmentation

7. What is undifferentiated marketing?

- a. classless marketing
- b. niche marketing
- c. target marketing
- d. mass marketing
- e. custom marketing

Answer:

d. mass marketing

8. Lifestyle is an example of which type of segmentation variable?

- a. psychographics
- b. demographics
- c. usage
- d. geo-demographics
- e. behavioural

Answer:

a. psychographics

9. Loyalty status is an example of which type of segmentation variable?

- a. psychographics
- b. demographics
- c. usage

- d. geo-demographics
- e. behavioural

Answer:

e. behavioural

10. What are the criteria for designing workable marketing segments?

- a. specific, measurable, achievable, relevant and timed
- b. measurable, heterogeneous, homogeneous, substantial, operational and accessible
- c. measurable, heterogeneous, homogeneous, specific and organisational
- d. substantial, marketable, accessible, realistic and targetable
- e. heterogeneous, achievable, substantial, measured, targeted and timed

Answer:

b. measurable, heterogeneous, homogeneous, substantial, operational and accessible

11. Festive Flowers have a number of shops, each of which serves a specific area. What type of market segmentation base are they using?

- a. demographics
- b. mediagraphics
- c. geodemographics
- d. geographic
- e. aerial

Answer:

d. geographic

12. What is the term for segmentation systems such as ACORN and MOSAIC that have analysed the UK population by postcode?

- a. geographic
- b. mediagraphics
- c. geodemographics
- d. marketing information databases
- e. population census

Answer:

c. geodemographics

13. Which of the following is an example of a behavioural segmentation base?

- a. gender
- b. user status
- c. income
- d. socio-economic class
- e. personality

Answer:

b. user status

14. What does SIC stand for?

- a. socio-income class
- b. special individual category
- c. social inequality cause
- d. seller's insurance class
- e. standard industry classification

Answer:

e. standard industry classification

15. John and Joan are both 68 and retired. Their children have long since left home and now have families of their own. Which stage of the family life cycle are John and Joan likely to be in?

- a. full nest I
- b. full nest II
- c. full nest III
- d. empty nest I
- e. empty nest II

Answer:

e. empty nest II

16. In the STP five-stage process, what follows on from stage two, identify market segments?

- a. profiling customers/consumers
- b. identifying the total market
- c. selecting target market
- d. positioning against competing brands

- e. identifying positions of competing brands.

Answer:

- c. selecting target market

17. What is the marketing term for how a target market perceives a brand in relation to competing brands?

- a. positioning
- b. perceptual mapping
- c. targeting
- d. segmentation
- e. profiling

Answer:

- a. positioning

18. There are five principal characteristics that will make a market segment particularly attractive for targeting. Four of these are: (1) it has sufficient current and potential sales and profits; (2) it has the potential for sufficient future growth; (3) it does not have excessive barriers or costs to entry or exit; and (4) it has some relatively unsatisfied needs that the company can serve particularly well. What is the fifth?

- a. It does not comprise of difficult customers.
- b. It is not overly competitive.
- c. It is well documented.
- d. It is well established.
- e. Other companies are already making good profits there.

Answer:

- b. It is not overly competitive.

19. What is a perceptual map used to assess?

- a. audiences' degrees of selective attention
- b. how much customers/consumers remember about an advert
- c. customer/consumer perceptions of competing brands
- d. relative brand equity
- e. differing perceptions of the brand's packaging

Answer:

c. customer/consumer perceptions of competing brands

20. What is the marketing term for a relatively small, well-defined and very focused target market?

- a. a customised market
- b. a targeted market
- c. a gap in the market
- d. a niche market
- e. a corner of the market

Answer:

d. a niche market

21. Geographic, which is based on location, and _____ segmentation, which is based on population characteristics, are probably the most widely used forms of segmentation.

Answer:

demographic

22. ACORN stands for a classification of _____ neighbourhoods.

Answer:

residential

23. VALS is a _____ segmentation model.

Answer:

psychographic

24. Targeting two or more market segments, and delivering a different marketing programme to each, would be a _____ targeting strategy.

Answer:

differentiated

25. The brand's _____ is the place a brand is perceived to occupy in the minds of the target market relative to competing brands.

Answer:

positioning

Multiple Choice Quiz

Take the quiz test your understanding of the key concepts covered in the chapter. Try testing yourself before you read the chapter to see where your strengths and weaknesses are, then test yourself again once you've read the chapter to see how well you've understood.

1. 'Marketing research' can be a broader term than 'market research', covering research into the whole of the marketing process. True or false?

True

False

Answer:

True

2. 'Primary research' is sometimes called 'desk research'. True or false?

True

False

Answer:

False

3. Primary research should always be carried out before secondary research is considered. True or false?

True

False

Answer:

False

4. Quantitative research requires much larger numbers of respondents than qualitative research. True or false?

True

False

Answer:

True

5. 'Questionnaire' and 'survey' mean the same thing. True or false?

True

False

Answer:

False

6. What is the first stage of the marketing research process?

- a. definition of research objectives
- b. writing the research brief
- c. recognition of a marketing management problem
- d. design of secondary research
- e. design of primary research

Answer:

c. recognition of a marketing management problem

7. Which of the following are categories of marketing research?

- a. pricing research
- b. market research
- c. sales and distribution research
- d. all of the above
- e. none of the above

Answer:

d. all of the above

8. What is secondary data?

- a. data that has already been published
- b. unreliable data
- c. back-up data
- d. data contained in appendices
- e. extra data

Answer:

a. data that has already been published

9. Which of the following is a commercial organisation that collects and publishes market research information?

- a. ACC
- b. Qualcast
- c. Trendsetter
- d. Keynote
- e. DBB

Answer:

d. Keynote

10. Which of the following is a qualitative research technique?

- a. observation
- b. experimentation
- c. postal questionnaire
- d. tracking
- e. focus group

Answer:

e. focus group

11. Jamie spent the summer at music festivals having a great time and collecting data on how festival goers behaved. Which qualitative research strategy was he using?

- a. biography
- b. phenomenology
- c. grounded theory
- d. ethnography
- e. case study

Answer:

d. ethnography

12. As part of a university project, Kamil stood outside a cinema and counted the people going in. He recorded men, women and children separately and noted how many were in each group. Which research technique was he using?

- a. survey
- b. focus group
- c. observation
- d. case study
- e. experimentation

Answer:

c. observation

13. What is a 'test market'?

- a. a smaller version of a whole market
- b. a prototype product
- c. a new shop
- d. a form of sales promotion
- e. a type of questionnaire

Answer:

a. a smaller version of a whole market

14. Sue wanted to research parental attitudes to toy advertising so she invited six mothers to get together, watch some carefully selected adverts and then discuss them. She asked them some questions but mainly just encouraged them to talk. Which research technique was she using?

- a. case study

- b. survey
- c. in-depth interview
- d. observation
- e. focus group

Answer:

e. focus group

15. What is it called when research agencies use a single questionnaire to collect primary data on behalf of a number of their business clients at the same time?

- a. postal survey
- b. financial audit
- c. environmental analysis
- d. omnibus survey
- e. market research report

Answer:

d. omnibus survey

16. What is the list or database that a researcher uses to select people to be surveyed called?

- a. relational database
- b. sampling frame
- c. random sample
- d. hierarchical database
- e. research directory

Answer:

b. sampling frame

17. It is difficult and expensive to use a truly random sample and so many students get other students to fill in questionnaires for their university projects. What kind of sample is this?

- a. quota sample
- b. systematic random sample
- c. cluster sample
- d. college sample
- e. convenience sample

Answer:

e. convenience sample

18. Ben's research project involved assessing key retail trends. He decided that the best thing would be to interview directors from the country's top retailers and ignore the small independent stores who would have less knowledge. What kind of sample is this?

- a. purposive sample
- b. expertise sample
- c. quota sample
- d. random sample
- e. strategic sample

Answer:

a. purposive sample

19. Which of the following is most likely to be an example of secondary data?

- a. completed questionnaires
- b. customer conversations on a website
- c. interview tapes
- d. a bought-in market research report (e.g. Mintel)
- e. SPSS output

Answer:

d. a bought-in market research report (e.g. Mintel)

20. Sound marketing decisions can only be made on the basis of good quality information. The data must be:

- a. legal, decent, honest and truthful
- b. timely, accurate, reliable and valid
- c. specific, measurable, achievable, relevant and timed
- d. quantified, accurate and specific
- e. political, economic, social and technological

Answer:

b. timely, accurate, reliable and valid

21. There are two broad approaches to research, _____ research and quantitative research.

Answer:

qualitative

22. According to ESOMAR, _____ research is numerically orientated, requires significant attention to the measurement of market phenomena and often involves statistical analysis.

Answer:

quantitative

23. A statistical sample should have the same balance of characteristics (sex, age, background, etc.) as the statistical _____ that is being studied.

Answer:

population

24. Closed questions can be answered in a single _____

Answer:

word

25. The two most common ways to collect information about website visitors are through web access _____ and page tags.

Answer:

logs

Multiple Choice Quiz

Take the quiz test your understanding of the key concepts covered in the chapter. Try testing yourself before you read the chapter to see where your strengths and weaknesses are, then test yourself again once you've read the chapter to see how well you've understood.

1. The marketing mix is often known as the 3Ps. True or false?

True

False

Answer:

False

2. Firms rarely compete on the basis of their products' physical features alone. True or false?

True

False

Answer:

True

3. Capital goods are usually classified as consumer products. True or false?

True

False

Answer:

False

4. Most new products are commercial failures. True or false?

True

False

Answer:

True

5. The product life cycle is widely used as it is a precise and reliable sales forecasting tool. True or false?

True

False

Answer:

False

6. What is the general term for products that have a physical form (i.e. you can touch them)?

- a. services
- b. goods
- c. FMCG
- d. components
- e. raw materials

Answer:

b. goods

7. What is the core product or benefit of a winter coat?

- a. the material it is made of
- b. its cost
- c. the employment its manufacture provides
- d. the warmth it provides
- e. the brand

Answer:

d. the warmth it provides

8. Where does after-sales service fit into the total product offering?

- a. core product
- b. core benefit
- c. basic product
- d. augmented product
- e. perceived product

Answer:

d. augmented product

9. Where does brand image fit into the total product offering?

- a. core product

- b. core benefit
- c. basic product
- d. augmented product
- e. perceived product

Answer:

e. perceived product

10. Which of the following could be classed as a durable good?

- a. washing machine
- b. T-shirt
- c. chocolate bar
- d. shampoo
- e. consultancy

Answer:

a. washing machine

11. What is a staple product?

- a. office stationery
- b. a complementary product
- c. something that is essential for another product to work (e.g. a keyboard for a PC)
- d. something people always like to have and so purchase regularly (e.g. soap)
- e. a basic, unsophisticated product (e.g. paper clips)

Answer:

d. something people always like to have and so purchase regularly (e.g. soap)

12. Mary is getting married and she wants everything on the day to be perfect, especially the dress. What kind of product is a wedding dress?

- a. speciality
- b. convenience
- c. white goods
- d. accessory
- e. consumer-durable

Answer:

a. speciality

13. Coca-Cola has an easily identified logo (its name written in a flowing script) and is usually packaged in a red can or its famously curvy bottle. What do these elements combine to form?

- a. brand image
- b. brand personality
- c. brand identity
- d. brand values
- e. brand equity

Answer:

c. brand identity

14. A retailer decides to launch its own version of Marmite. What kind of new product is this?

- a. innovative
- b. replacement
- c. variant
- d. me-too
- e. re-launched

Answer:

d. me-too

15. Teatimes Ltd. are famous for their speciality teas. They are about to introduce two new teas based on their best-selling English Breakfast blend: Welsh Afternoon tea and Scottish Nightcap tea. What kind of new products are these?

- a. innovative
- b. replacement
- c. variant
- d. me-too
- e. re-launched

Answer:

c. variant

16. What is the final stage of the new product development process?

- a. business analysis
- b. test marketing
- c. idea generation
- d. marketing planning
- e. product launch

Answer:

e. product launch

17. Visto is a much loved British drink, widely available in the UK but nowhere else. Lately sales have been falling and the big supermarkets have cut back on their orders. Which of the following is most likely to be a successful *extension strategy* for this well-established drink?

- a. increasing the price
- b. selling it online
- c. exporting it to other countries
- d. offering the supermarkets special deals as incentives to stock it
- e. advertising it on the Internet

Answer:

c. exporting it to other countries

18. What are the axes on the Boston Consulting Group (BCG) matrix labelled?

- a. market share and market size
- b. market price and quantity demanded
- c. market attractiveness and market share
- d. historical market growth and current share
- e. relative market share and market growth rate

Answer:

e. relative market share and market growth rate

19. The market for organic fruit is booming as more and more people try to follow a healthier lifestyle. The Green Apple Company is the UK market leader and able to command high prices for its excellent products, especially locally grown strawberries. Where are the strawberries most likely to be placed on the Boston Consulting Group (BCG) matrix?

- a. star
- b. cash cow
- c. problem child
- d. question mark
- e. dog

Answer:

a. star

20. According to the GE McKinsey matrix, the best strategy for a product in a strong competitive position in a highly attractive market would be to do what?

- a. harvest
- b. divest
- c. invest for growth
- d. re-position
- e. push

Answer:

c. invest for growth

21. The 4Ps are product, promotion, place and _____.

Answer:

price

22. The total package that makes up and surrounds a product including all supporting features such as branding, packaging, servicing and warranties is known as the total _____ offering.

Answer:

product

23. Few companies sell just one product; some sell thousands. Their products are collectively referred to as their product _____.

Answer:

portfolio

24. FMCG stands for _____ consumer goods.

Answer:

fast-moving

25. Truly new products, usually the result of a technological breakthrough such as the invention of laser surgery, are known as _____ products.

Answer:

innovative

Multiple Choice Quiz

Take the quiz test your understanding of the key concepts covered in the chapter. Try testing yourself before you read the chapter to see where your strengths and weaknesses are, then test yourself again once you've read the chapter to see how well you've understood.

1. Broadband provision is an example of a service industry.

True

False

Answer:

True

2. Car insurance and IT consultancy are products. True or false?

True

False

Answer:

True

3. Services do not contribute to a country's economy as they do not result in any net increase in wealth. True or false?

True

False

Answer:

False

4. Increases in leisure time are one of the reasons behind the growth of service industries.

True

False

Answer:

True

5. Products can be categorised as either goods or services. Very few have significant elements of both. True or false?

True

False

Answer:

False

6. What are the typical characteristics of services?

- a. Services confer benefits; are tangible; are time- and place-dependent; are consistent; cannot be owned; and providers and consumers form part of the service.
- b. Services confer no benefits; are intangible; are time- and place-dependent; are inconsistent; cannot be owned.
- c. Services are intangible; are time- and place-dependent; are inconsistent; cannot be branded; and providers and consumers form part of the service.
- d. Services confer ownership; are intangible; can be consumed at any time or place; are inconsistent; and providers form part of the service.

- e. Services confer benefits; are intangible; are time- and place-dependent; are inconsistent; cannot be owned; and providers and consumers form part of the service

Answer:

e. Services confer benefits; are intangible; are time- and place-dependent; are inconsistent; cannot be owned; and providers and consumers form part of the service

7. There are 7Ps in the services marketing mix. What are the additional 3Ps?

- a. people, physical evidence and process
- b. peripheral products, packaging and people
- c. people, physical evidence and presentation
- d. physical evidence, presentation and process
- e. process, pricing and packaging

Answer:

a. people, physical evidence and process

8. What is the most likely core benefit of a cross channel ferry service?

- a. getting from Britain to France safely
- b. not being seasick
- c. good food
- d. a comfortable cabin
- e. fast check in procedures

Answer:

a. getting from Britain to France safely

9. What is a 'service encounter'?

- a. a bad service experience
- b. the actual handing over of payment for the service
- c. an argument between customer and service provider
- d. the time during which a customer receives a service
- e. the customer's reaction to the service

Answer:

d. the time during which a customer receives a service

10. Parasuraman et al.'s model proposes five dimensions that contribute to service quality: tangibles, reliability, assurance, responsiveness and empathy. What is this model called?

- a. TRARE
- b. QUALSERVE
- c. SERVQUAL
- d. SQUAL
- e. ERRAT

Answer:

c. SERVQUAL

11. A concert ticket is primarily an example of which element of the marketing mix?

- a. process
- b. physical evidence
- c. packaging
- d. price
- e. place

Answer:

b. physical evidence

12. Some fast food chains have detailed instructions about how staff should prepare the food. There are timers to tell them when the chips are cooked and even painted footprints on the floor to show where they should stand. Which element of the marketing mix are they trying to control?

- a. process
- b. physical evidence
- c. packaging
- d. price
- e. place

Answer:

a. process

13. Why is it more difficult to brand services than to brand goods?

- a. The rules are tougher.
- b. It is harder to make a service consistent.
- c. There is no way to measure service quality.
- d. There is no packaging to put a logo on.
- e. It is impossible to develop a positioning statement for a service.

Answer:

b. It is harder to make a service consistent.

14. Why is it generally harder for service industry managers to cope with peaks and troughs in demand for their products?

- a. Services are inconsistent.
- b. There are no salespeople to help with forecasting.
- c. Payment is usually made after the service has been provided.
- d. Most service customers are not brand loyal.
- e. Service products cannot usually be stored.

Answer:

e. Service products cannot usually be stored.

15. What are people who work with information rather than in manufacturing or in more traditional service industries called?

- a. knowledge workers
- b. technologists
- c. info techs
- d. IT users
- e. project managers

Answer:

a. knowledge workers

16. Outsourcing has advantages and disadvantages. Name one advantage of outsourcing.

- a. delegating responsibility for the organisation's relationship with its clients
- b. being able to draw on specialist expertise that the organisation does not have
- c. enhancing the organisation's staff's own skill set

- d. building stronger customer relationships
- e. making managing budgets easier

Answer:

b. being able to draw on specialist expertise that the organisation does not have

17. Two diners complain about a restaurant's slow service but are delighted to be given a free bottle of wine and canapés to make the wait less tedious. In the end, they thoroughly enjoy their evening. In terms of services marketing, what is this a good example of?

- a. service encounter
- b. service quality
- c. process
- d. service recovery
- e. promotion

Answer:

d. service recovery

18. What is the term given to the total (and frequently complex) environment in which a service is delivered?

- a. multiverse
- b. whole environment
- c. ambience
- d. decor
- e. servicescape

Answer:

e. servicescape

19. A cinema's automated booking service is primarily part of which of the marketing mix elements?

- a. product
- b. peripheral product
- c. price
- d. process
- e. physical evidence

Answer:

d. process

20. One of the problems that comes from the intangibility of services is that they are perceived as higher risk purchases than goods are. Which of the following is most likely to reassure a customer who has paid in advance for a Centre Court seat at Wimbledon that they will in fact get to see the tennis?

- a. the tournament's reputation
- b. the advertising
- c. the weather forecast
- d. an expensive and official looking ticket
- e. the website

Answer:

d. an expensive and official looking ticket

21. The _____ element of a product is now often the key (if not only) way to differentiate a goods item (physical product) from its competitors.

Answer:

service

22. The less _____ the service, the more likely it is that it can be performed remotely (i.e. without customer and service provider being present at the same time).

Answer:

personal

23. One obvious strategy to overcome fears associated with the service product's _____ is to turn it into something more tangible.

Answer:

intangibility

24. The tangible aspects of a service are known as _____ evidence.

Answer:

physical

25. Services are transient. They happen at a particular time and cannot be _____ for later sale or use.

Answer:

stored

Multiple Choice Quiz

Take the quiz test your understanding of the key concepts covered in the chapter. Try testing yourself before you read the chapter to see where your strengths and weaknesses are, then test yourself again once you've read the chapter to see how well you've understood.

1. 'Promotion' and 'Marketing Communications' are interchangeable terms.

True

False

Answer:

True

2. Advertising is generally a better promotional tool than sales promotion when it comes to closing a sale. True or false?

True

False

Answer:

False

3. Radio is a mass medium. True or false?

True

False

Answer:

True

4. PR normally stands for Press Relations. True or false?

True

False

Answer:

False

5. The two principal participants in Schramm's communications model are media owner and client. True or false?

True

False

Answer:

False

6. AIDA is a sequential model showing the states of mind that a person may go through while deciding what to buy. What does AIDA stand for?

- a. awareness, interest, design, action
- b. attention, information, desire, achievement
- c. awareness, interest, desire, attention
- d. attention, interest, desire, action
- e. awareness, information, desire, achievement

Answer:

d. attention, interest, desire, action

7. What is a push strategy?

- a. a communications strategy aimed at distributors
- b. a marketing strategy with a customer focus

- c. a communications strategy aimed at consumers
- d. a hard sell marketing strategy
- e. a low-budget corporate strategy

Answer:

a. a communications strategy aimed at distributors

8. What is a pull strategy?

- a. a communications strategy aimed at distributors
- b. a marketing strategy with a customer focus
- c. a communications strategy aimed at consumers
- d. a hard sell marketing strategy
- e. a low-budget corporate strategy

Answer:

c. a communications strategy aimed at consumers

9. Advertising, public relations and sales promotion are three of the four traditional techniques of the promotional mix. What is the fourth?

- a. price
- b. direct mail
- c. word of mouth
- d. questionnaires
- e. personal selling

Answer:

e. personal selling

10. Which of the following is not a PR technique?

- a. sponsorship
- b. a product launch event
- c. a press conference
- d. a publicity stunt
- e. an on-pack, free-prize draw

Answer:

e. an on-pack, free-prize draw

11. What is product placement?

- a. in-store display
- b. paying for your product to be used as a prop in entertainment or cultural media
- c. the final pack shot in an advert
- d. a sponsor's message shown at the beginning and end of a TV or radio programme
- e. the choice of distribution channel

Answer:

b. paying for your product to be used as a prop in entertainment or cultural media

12. According to the UK advertising code administered by the Advertising Standards Authority (ASA), advertising should be:

- a. legal, decent, honest and truthful
- b. inoffensive, honest and clear
- c. specific, measurable, achievable, relevant and timed
- d. attention grabbing, interesting, desirous and actionable
- e. legal, relevant, appropriate and not misleading

Answer:

a. legal, decent, honest and truthful

13. The Quick Heat Company sells all sorts of standalone fires (e.g. paraffin heaters and electric fan heaters). Most of their customers are businesses who have a short-term problem such as a heating breakdown. In order to increase sales, they have decided to try and persuade people who live in rented accommodation, and who may want to increase the warmth of their homes without investing in the property, to buy these fires. Who should be the primary target audience for their marketing communications campaign?

- a. landlords of rented property
- b. business owners
- c. people who live in rented accommodation
- d. heating engineers
- e. homeowners

Answer:

c. people who live in rented accommodation

14. The Quick Heat Company sells all sorts of standalone fires (e.g. paraffin heaters and electric fan heaters). Most of their customers are businesses who have a short-term problem such as a heating breakdown. In order to increase sales, they have decided to try and persuade people who live in rented accommodation, and who may want to increase the warmth of their homes without investing in the property, to buy these fires. Who is the primary target market for this campaign?

- a. landlords of rented property
- b. business owners
- c. people who live in rented accommodation
- d. heating engineers
- e. homeowners

Answer:

c. people who live in rented accommodation

15. The Quick Heat Company have a new range of central heating boilers designed for domestic use. They know that most homeowners buy boilers that are recommended by their heating engineer. Who is their target market for boilers?

- a. landlords of rented property
- b. business owners
- c. people who live in rented accommodation
- d. heating engineers
- e. homeowners

Answer:

e. homeowners

16. The Quick Heat Company have a new range of central heating boilers designed for domestic use. They know that most homeowners buy boilers that are recommended by their heating engineer. Who should be the primary target audience for their new campaign?

- a. landlords of rented property
- b. business owners
- c. people who live in rented accommodation
- d. heating engineers
- e. homeowners

Answer:

d. heating engineers

17. Football Mania have booked an expensive ad slot during the FA Cup final. Unfortunately, there are technical problems and the ad is not shown. According to Schramm's communications model, what is this an example of?

- a. noise
- b. distress
- c. perception
- d. breakdown
- e. coding

Answer:

a. noise

18. The Oxo family starred in one of the most famous, and long-running, ad campaigns in the UK. It showed the family in typical situations, usually culminating in them sitting down to eat an Oxo-inspired meal. What kind of creative execution is this?

- a. animation
- b. demonstration
- c. problem solution
- d. slice of life
- e. celebrity

Answer:

d. slice of life

19. What is the term for using specialist software to analyse large amounts of data (held in a database) to predict trends and likely customer behaviour?

- a. data mining
- b. sales forecasting
- c. environmental scanning
- d. supply and demand analysis
- e. product interrogation

Answer:

a. data mining

20. ABC company have forecast approximately £10 million sales for the coming year. They have decided to allocate £200,000 (2% of turnover) to marketing. Which budget setting method are they using?

- a. arbitrary method
- b. affordable method
- c. competitive parity method
- d. competitive percentage method
- e. percentage of sales method

Answer:

e. percentage of sales method

21. A _____ is a series of coordinated marketing activities designed to achieve specific objectives (e.g. to reposition a product or to educate people about its correct use).

Answer:

campaign

22. Products are sold to target markets. Marketing Communications are addressed to target _____.

Answer:

audiences

23. Sales promotions are _____-term, special offers and other added-value activities intended to induce buyers to buy, or try, a product.

Answer:

short

24. PR may use the same _____ (e.g. television, radio or Internet) as advertising but in a very different way.

Answer:

media

25. DAGMAR is a hierarchy of effects model comprising awareness, comprehension, _____ and action.

Answer:

conviction

Multiple Choice Quiz

Take the quiz test your understanding of the key concepts covered in the chapter. Try testing yourself before you read the chapter to see where your strengths and weaknesses are, then test yourself again once you've read the chapter to see how well you've understood.

1. In marketing, 'place' is another term for location. True or false?

True

False

Answer:

False

2. A supply chain is a network of businesses and organisations through which goods pass to get to their final destination. True or false?

True

False

Answer:

True

3. The Internet has opened up new channels of distribution. True or false?

True

False

Answer:

True

4. One of the primary functions of packaging is to protect goods in transit. True or false?

True

False

Answer:

True

5. Services cannot be exported. True or false?

True

False

Answer:

False

6. What is an alternative term for a distribution channel?

- a. marketing channel
- b. supply chain
- c. marketing chain
- d. place
- e. distribution depot

Answer:

a. marketing channel

7. What is a distribution channel?

- a. a group of distributors
- b. a shop or other retail outlet
- c. a product's route through the supply chain
- d. an electronic network

- e. a means of transporting goods (e.g. lorry or train)

Answer:

- c. a product's route through the supply chain

8. Rolex sells its watches through a number upmarket retail partners (e.g. department stores and jewellers) with comparatively few stores. What is this type of distribution strategy called?

- a. selective distribution
- b. exclusive distribution
- c. marketing distribution
- d. mass distribution
- e. prestige distribution

Answer:

- a. selective distribution

9. What kind of intermediary is Tesco?

- a. wholesaler
- b. supplier
- c. distributor
- d. reseller
- e. retailer

Answer:

- e. retailer

10. What is a warehouse club?

- a. a storage facility rented out to small traders
- b. a large store offering wholesale prices to members only
- c. an online trading house
- d. a social club for members of the distribution trade
- e. a loyalty scheme for small retailers

Answer:

- b. a large store offering wholesale prices to members only

11. What are businesses that represent, and sell goods on behalf of, other businesses in a specified market called?

- a. resellers
- b. traders
- c. agents
- d. stockists
- e. legal representatives

Answer:

c. agents

12. What does EPOS stand for?

- a. easy purchasing and ordering system
- b. electronic purchase operating system
- c. estimated product order shipment
- d. exclusive products' organisational standing
- e. electronic point of sale

Answer:

e. electronic point of sale

13. The International Chamber of Commerce has devised a set of rules for the interpretation of international terms and conditions. These rules set out how activities, costs and risks are to be split between the buyer and seller. What are they called?

- a. Ts & Cs
- b. ICC regulations
- c. les regulations internationale
- d. incoterms
- e. core-GS

Answer:

d. incoterms

14. How many levels of intermediaries are there in a direct sales channel?

- a. 0

- b. 1
- c. 2
- d. 3
- e. 4

Answer:

a. 0

15. Luxury goods such as high fashion and designer clothing would normally have very few, (possibly only one), distribution outlets. What is the term for this?

- a. exclusive distribution
- b. prestige distribution
- c. selective distribution
- d. unique distribution
- e. targeted distribution

Answer:

a. exclusive distribution

16. Tucker's foods buy their fruit straight from the farm. They then make it into jam and other products and sell it on to wholesalers who in turn sell to retailers such as Sainsbury's. How many levels are there in this supply chain?

- a. 0
- b. 1
- c. 2
- d. 3
- e. 4

Answer:

d. 3

17. Dombey and Sons produce a sparkling drink from apples grown on their own farm. They employ a small French firm to sell the drink to wholesalers in France. This French firm is acting as:

- a. a franchisee
- b. a retailer

- c. an agent
- d. a warehouse
- e. a logistics firm

Answer:

c. an agent

18. Dizzy Designs make their clothes in the UK and then ship them to their own retail outlets in France, Spain and Germany. What kind of operation is this?

- a. indirect export
- b. direct export
- c. home shipment
- d. overseas manufacture
- e. contract manufacture

Answer:

b. direct export

19. According to many retailers, what are the three secrets to their business success?

- a. product, price and place
- b. product, product and product
- c. location, location and location
- d. service, smile and sizzle
- e. people, process and physical evidence

Answer:

c. location, location and location

20. What is the function of transporting and storing physical goods for the various members of the supply chain known as?

- a. the buying centre
- b. merchandising
- c. traffic
- d. inventory
- e. logistics

Answer:

e. logistics

21. Place, or distribution, is often summed up as getting the right _____ to the right place at the right time.

Answer:

product

22. At each stage in the supply chain, _____ is added to the bought in product (i.e. it is transformed into something more desirable and so can command a higher price).

Answer:

value

23. A _____ is one of a chain of shops that are individually owned but licensed by a larger company to sell their products (e.g. the Body Shop or Baskin Robbins). The larger company also provides expertise.

Answer:

franchise

24. The _____ Mark shows consumers that the farmers that produced the products received a fair and stable price. They also have safe working conditions and stronger rights and treat the environment with care.

Answer:

Fairtrade

25. The use of different types of channel (e.g. high street stores as well as the internet) to reach the same potential target market is known as _____ distribution.

Answer:

multichannel

Multiple Choice Quiz

Take the quiz test your understanding of the key concepts covered in the chapter. Try testing yourself before you read the chapter to see where your strengths and weaknesses are, then test yourself again once you've read the chapter to see how well you've understood.

1. In a free market, a product's price would be set by the forces of demand and supply. True or false?

True

False

Answer:

True

2. Cost and price are interchangeable terms. True or false?

True

False

Answer:

False

3. Going out to tender is a common way for prices to be set for government contracts, particularly for public works such as bridge building. True or false?

True

False

Answer:

True

4. Mark-up pricing is common in retailing. True or false?

True

False

Answer:

True

5. Charging a high price for products tends to encourage new competition into a market. True or false?

True

False

Answer:

True

6. Which of the following is not a market-based pricing method?

- a. customer value pricing
- b. psychological price barriers
- c. contribution pricing
- d. going-rate pricing
- e. tenders

Answer:

c. contribution pricing

7. Johnny has recently opened a sandwich bar but he is not sure what prices to charge for his various products. His customers tell him they would never pay more than £4.00 for a sandwich and so he sets his top price at £4.00. What kind of pricing is he using?

- a. customer value pricing
- b. psychological price barriers
- c. contribution pricing
- d. going-rate pricing
- e. tenders

Answer:

b. psychological price barriers

8. For his basic sandwiches, Johnny checks out what other sandwich bars charge and charges approximately the same. What kind of pricing is this?

- a. customer value pricing
- b. psychological price barriers
- c. contribution pricing
- d. going-rate pricing
- e. tenders

Answer:

d. going-rate pricing

9. What is a cartel?

- a. a group of companies that get together and fix prices between them
- b. a list of prices
- c. the various prices charged across a product range
- d. a government pricing strategy
- e. a means of converting prices into another currency

Answer:

a. a group of companies that get together and fix prices between them

10. Fred runs a bakery. He has lots of bills to pay: electricity; rent for the shop; the staff's wages; flour for bread, cakes and pastries; etc. His accountant says it is important to classify these costs correctly so that he can set the right prices for his products. How would you classify the shop's rent?

- a. fixed and direct
- b. variable and direct
- c. fixed and indirect
- d. variable and indirect
- e. marginal

Answer:

c. fixed and indirect

11. Ivan runs a bakery. He has lots of bills to pay: electricity; rent for the shop; the staff's wages; flour for bread, cakes and pastries; spelt for his special spelt loaf; etc. His accountant says it is

important to classify these costs correctly so that he can set the right prices for his products. How would you classify the cost of the spelt?

- a. fixed and direct
- b. variable and direct
- c. fixed and indirect
- d. variable and indirect
- e. marginal

Answer:

d. variable and indirect

12. What type of cost is 'mark-up' pricing based on?

- a. fixed cost
- b. variable cost
- c. direct cost
- d. indirect cost
- e. marginal cost

Answer:

c. direct cost

13. What is the term for the volume of products sold that, at a given price, will cover the company's costs?

- a. equilibrium point
- b. target profit
- c. maximum profit
- d. breakeven point
- e. match point

Answer:

d. breakeven point

14. Miranda owns a chain of handbag shops across England and Wales. She has spotted a good location to set up a shop in Edinburgh but her handbags are not well known in Scotland and there is quite a lot of competition. She thinks it is worth a try anyway and decides to undercut the competition, at least until she gets known. What pricing strategy is Miranda following?

- a. market skimming
- b. loss leader
- c. market penetration
- d. price discrimination
- e. export pricing

Answer:

c. market penetration

15. Under which conditions would market skimming be likely to be a viable strategy?

- a. There is insufficient market capacity and competitors cannot make more of the product.
- b. There are no competitors.
- c. The demand for the goods in question is relatively price inelastic.
- d. All of the above.
- e. None of the above.

Answer:

d. All of the above.

16. Marie is a software developer who works freelance. She wants her customers to really value her work and so she consistently sets her prices higher than the competition. Sometimes she loses work because of this, but often she wins the contract. What kind of pricing is she using?

- a. prestige pricing
- b. pre-emptive pricing
- c. product line pricing
- d. placement pricing
- e. price discrimination

Answer:

a. prestige pricing

17. Woods and Co is one of the largest office furniture suppliers in the UK. They outsource manufacturing overseas, sell direct and keep their prices low. New firms who do not have Woods' economies of scale find it impossible to compete. What kind of pricing is Woods and Co using?

- a. prestige pricing

- b. pre-emptive pricing
- c. product line pricing
- d. placement pricing
- e. price discrimination

Answer:

b. pre-emptive pricing

18. Matt has some great Christmas gifts for sale but not enough people come into his shop and see them. They tend to shop at bigger retailers instead. He cannot afford media advertising and so he decides to offer Christmas crackers for one penny each (well below what they cost him) to draw customers in. He puts a notice in the window advertising this bargain. What tactic is he using here?

- a. predatory pricing
- b. psychological pricing
- c. retail pricing
- d. discounts
- e. a loss leader

Answer:

e. a loss leader

19. What is parallel importing?

- a. Trade customers buy goods cheaper abroad, import them and undercut the manufacturer.
- b. A manufacturer piggybacks on another manufacturer's distribution channel.
- c. A manufacturer imports and prices two product lines together.
- d. Distributors put together a large shipment of different goods to cut costs.
- e. It is an agreement between two companies to swap shipments of goods without any money changing hands.

Answer:

a. Trade customers buy goods cheaper abroad, import them and undercut the manufacturer.

20. If a product is said to have a price inelastic demand curve, what does this mean?

- a. If you put the price up, sales will stay the same.
- b. If you the price down, sales volume will fall.

- c. If you change the price, sales volume will change very little.
- d. To sell more products, you should raise the price.
- e. To make more sales revenue, you should lower the price.

Answer:

c. If you change the price, sales volume will change very little.

21. Sales _____ minus costs = profit.

Answer:

revenue

22. There are three key elements to price setting: competitors' prices, _____ perceptions of the product's value and costs.

Answer:

customers'

23. A sure way to go out of business is to set prices lower than _____.

Answer:

costs

24. As long as the product is sold for more than its variable cost, it is making a _____ towards the firm's fixed costs and profits.

Answer:

contribution

25. Price _____ start when two or more competitors continually undercut each other's prices.

Answer:

wars

Multiple Choice Quiz

Take the quiz test your understanding of the key concepts covered in the chapter. Try testing yourself before you read the chapter to see where your strengths and weaknesses are, then test yourself again once you've read the chapter to see how well you've understood.

1. Most exported consumer products are adapted in some way to suit the needs of people in different countries. True or false?

True

False

Answer:

True

2. Any USPs that today's products have are most likely to be derived from additional services or from brand values than from physical product features. True or false?

True

False

Answer:

True

3. Packaging is an important part of brand equity. True or false?

True

False

Answer:

False

4. A line extension is usually a higher risk strategy than a brand extension. True or false?

True

False

Answer:

False

5. Regular customers are loyal customers. True or false?

True

False

Answer:

False

6. The Parker pen company make good quality pens and pencils. Their ballpoint pens come in various styles and with different coloured ink. Which ring of the total product offering model does the coloured ink fit into?

- a. core benefit
- b. core product
- c. basic product
- d. augmented product
- e. perceived product

Answer:

c. basic product

7. Which of the following is a truly global (i.e. standardised) product?

- a. Coca-Cola
- b. Big Mac
- c. chicken tikka
- d. all of the above
- e. none of the above

Answer:

e. none of the above

8. Gerry is the product manager for a fruit drink. Competition is building and so his strategy is to encourage existing customers to become more regular purchasers and to build brand loyalty. He is introducing different flavours, different sized bottles and low calorie options. He is trying hard to keep the price down and this has helped him to find more distribution outlets for his product. It sounds like this drink is at what stage of the product life cycle?

- a. introduction
- b. launch
- c. growth
- d. maturity
- e. deletion

Answer:

c. growth

9. What is brand equity?

- a. the value of the brand
- b. the brand's values
- c. the shareholders' perception of the brand
- d. relative brand image
- e. the brand's market share

Answer:

a. the value of the brand

10. Speedy Sports manufacture athletics equipment and, until recently, sold only to wholesalers and export agents who sold the goods on. Now they have a website and can sell directly to consumers. In addition, several major retailers have approached them with orders. Consumers will be able to buy from retailers or from Speedy Sports Direct. Retailers will be able to buy from wholesalers, agents or the manufacturer. Some of the wholesalers are considering setting up their own direct sales operations. What is this an example of?

- a. supply chain management
- b. channel conflict
- c. distribution channel design
- d. a zero-level channel
- e. logistics

Answer:

b. channel conflict

11. What is a 'branded house'?

- a. a department store
- b. a company that sells multiple brands

- c. an alternative name for corporate branding
- d. a single master brand which spans a set of sub-brands
- e. a company that owns multiple individual and competing brands

Answer:

d. a single master brand which spans a set of sub-brands

12. Why do many advertisements contain a pack shot?

- a. It is to help customers to recognise the packaging and remember the message of the advert.
- b. It is a legal requirement.
- c. It is a requirement of the advertising code of practice.
- d. It ensures customers will remember the advert and what product it was for.
- e. It is because packaging represents a major investment and should therefore be shown off at every opportunity.

Answer:

a. It is to help customers to recognise the packaging and remember the message of the advert.

13. What is pattern advertising?

- a. adverts for designer clothes
- b. adverts that do not show the product being advertised
- c. a sequence of adverts that tell a story
- d. abstract advertising designed to get around the advertising code of practice
- e. adverts that look similar but use different images and slogans for different audiences

Answer:

e. adverts that look similar but use different images and slogans for different audiences

14. What type of brand is Tesco Cola?

- a. copycat brand
- b. own label brand
- c. public limited brand
- d. umbrella brand
- e. individual brand

Answer:

b. own label brand

15. Why did the makers of the cleaning product Jif change its name to Cif?

- a. It was done as part of an international standardisation strategy.
- b. They were sued by the makers of Jif lemon juice.
- c. It was done because 'cif' means 'clean' in a number of languages.
- d. It was done as part of their product portfolio management – they had too many similar products.
- e. It was a printing error.

Answer:

a. It was done as part of an international standardisation strategy.

16. Who tried, unsuccessfully, to re-brand themselves as *Consignia*?

- a. British Telecom
- b. Mercury
- c. Royal Mail
- d. Virgin Media
- e. The Home Delivery Network

Answer:

c. Royal Mail

17. Which of the following is part of a brand's identity?

- a. name
- b. personality
- c. equity
- d. price
- e. audience perceptions

Answer:

a. name

18. Sony laptops have a sticker on them which says 'Intel inside'. This is an example of what?

- a. corporate branding

- b. dual branding
- c. piggyback branding
- d. multibranding
- e. co-branding

Answer:

e. co-branding

19. Little Piggy is a brand of upmarket sausages sold through independent groceries and butchers. The marketing team want to build on the brand's success by broadening their product portfolio. They plan to start with Little Piggy pies. What kind of branding strategy is this?

- a. line extension
- b. range extension
- c. multibranding
- d. brand extension
- e. brand stretch

Answer:

d. brand extension

20. Which of the following is a range brand?

- a. Gap
- b. Cadbury's
- c. McDonald's
- d. CK1
- e. Next

Answer:

d. CK1

21. During the product's growth stage, organisations should be focusing on building brand _____ and encouraging repeat purchases.

Answer:

loyalty

22. A global brand is unlikely to have a completely standardised marketing mix but it will have the same brand _____ all over the world and this will be expressed through a brand identity that is standardised as far as possible.

Answer:

personality

23. The marketing mix will be more effective if it is _____ (i.e. each element fits with the others so that there are no contradictory signals).

Answer:

integrated

24. Organisations with trading partners or customers overseas have to agree on a _____ in which to price contracts.

Answer:

currency

25. Packaging is sometimes referred to as the silent _____ because of its marketing communications role.

Answer:

salesman

Multiple Choice Quiz

Take the quiz test your understanding of the key concepts covered in the chapter. Try testing yourself before you read the chapter to see where your strengths and weaknesses are, then test yourself again once you've read the chapter to see how well you've understood.

1. An organisation with an 'outside-in' approach focuses on the needs of the organisation first, and customers and the marketplace second. True or false?

True

False

Answer:

False

2. In a SWOT analysis, strengths and weaknesses are external factors. True or false?

True

False

Answer:

False

3. A business mission statement is an explicit form of words that captures the broad aims of the company. True or false?

True

False

Answer:

True

4. Ansoff's Matrix illustrates the ways companies can grow through increasing sales opportunities. True or false?

True

False

Answer:

True

5. It is usually cheaper for an international company to sell standard consumer products all over the world, however cultural differences are likely to force them to make some adaptations. True or false?

True

False

Answer:

True

6. XYZ Co has four sales teams: London & the South East, Wales & the Midlands, Northern England, and Scotland. What kind of organisational structure is this?

- a. matrix organisation
- b. market organisation
- c. network organisation
- d. product organisation
- e. geographic organisation

Answer:

e. geographic organisation

7. If a marketing department follows the 'top down' planning model, what does it do?

- a. Senior managers call meetings with their staff to develop plans.
- b. Middle management call meetings with their staff to develop plans.
- c. Senior managers set objectives which are passed down to marketing staff.
- d. Sales representatives suggest targets and these are totalled up to form marketing objectives.
- e. Sales teams set their own targets within limits specified by the Board.

Answer:

c. Senior managers set objectives which are passed down to marketing staff.

8. Which of the following is not a typical characteristic of a market-oriented company?

- a. strong internal communication
- b. identifying and balancing stakeholder needs
- c. an effective marketing intelligence system
- d. sensitive to market trends
- e. emphasis on short-term objectives

Answer:

e. emphasis on short-term objectives

9. McKinsey's 7S framework helps analyse organisations and improve their effectiveness. The seven elements to be coordinated are: shared values, structure, systems, style and what?

- a. strategy, service levels and specialisation
- b. strategy, staff and skills
- c. service levels, stock and staff
- d. specialisation, skills and standards
- e. standards, stock and SBUs

Answer:

b. strategy, staff and skills

10. What does SBU stand for?

- a. significant business undertaking
- b. special bureaucratic use
- c. standard business usage
- d. strategic business unit
- e. standard broker's uplift

Answer:

d. strategic business unit

11. SWOT is one of the most commonly used analysis tools in business, but what does it analyse?

- a. the external marketing environment
- b. the internal marketing environment
- c. the competitive environment
- d. the organisation's current situation
- e. the organisation's strategy

Answer:

d. the organisation's current situation

12. Maria is the Marketing Manager for Wholefoods Ltd. She is working on the firm's marketing plan. Her forecasts show that, if they carry on as they have been doing, they are likely to miss their sales revenue targets by £500,000. She needs some new ideas. What kind of analysis has Maria undertaken?

- a. PRESTCOM analysis
- b. SWOT analysis

- c. strategic gap analysis
- d. Ansoff's matrix
- e. ratio analysis

Answer:

c. strategic gap analysis

13. Apart from business growth, there are a number of other good reasons for selling products internationally. Which of the following are valid reasons?

- a. to spread risk
- b. the firm has excess production capacity
- c. to extend the product life cycle
- d. all of the above
- e. none of the above

Answer:

d. all of the above

14. What is the first stage of the marketing planning process?

- a. research and development
- b. evaluation
- c. objective setting
- d. situation analysis
- e. strategy development

Answer:

d. situation analysis

15. Which one of the following is not a component of a good business mission statement?

- a. identification of the company's philosophy, i.e. its approach to business
- b. specification of its product-market domain
- c. communication of key values
- d. close linkage to critical success factors
- e. a statement of financial assets

Answer:

e. a statement of financial assets

16. What are marketing metrics?

- a. ways to measure marketing effectiveness
- b. marketing tactics
- c. the elements of a marketing programme
- d. a sales promotion technique
- e. the value of the marketing budget

Answer:

a. ways to measure marketing effectiveness

17. Robert has recently been appointed Marketing Manager for a fashion company. He needs to know whether or not the company's products have a sustainable advantage in the marketplace. What kind of analysis does he need to do?

- a. environmental analysis
- b. gap analysis
- c. competitor analysis
- d. market share/market growth analysis
- e. brand interrogation

Answer:

c. competitor analysis

18. Porter's five forces is an industry analysis model. The five forces are: inter rivalry of competitors, bargaining power of customers, bargaining power of suppliers, threat of new entrants and what?

- a. barriers to entry
- b. threat of competitors
- c. brand strength
- d. threat of substitutes
- e. bargaining power of consumers

Answer:

d. threat of substitutes

19. According to Ansoff's matrix, a company that tries to increase sales by selling its existing products in a new market is following what kind of strategy?

- a. market development
- b. diversification
- c. focus
- d. market penetration
- e. product development

Answer:

a. market development

20. Which of the following is a well-used marketing evaluation and control method?

- a. PEST
- b. acid test
- c. brand gap analysis
- d. all of the above
- e. none of the above

Answer:

e. none of the above

21. Just like business reports, marketing plans often have an _____ summary at the beginning.

Answer:

executive

22. When developing a corporate mission statement, it is important to think in terms of customer _____, rather than the products the company makes.

Answer:

needs

23. A Marketing information System (MkIS) comprises three main functions: data collection and storage, _____ and reporting.

Answer:

analysis

24. Conferences and trade exhibitions are good places to gather competitive _____ quite openly.

Answer:

intelligence

25. Coca-Cola and Pepsi are two of the most powerful brands in the world and this presents a significant _____ to entry for other companies trying to launch new cola drinks.

Answer:

barrier
