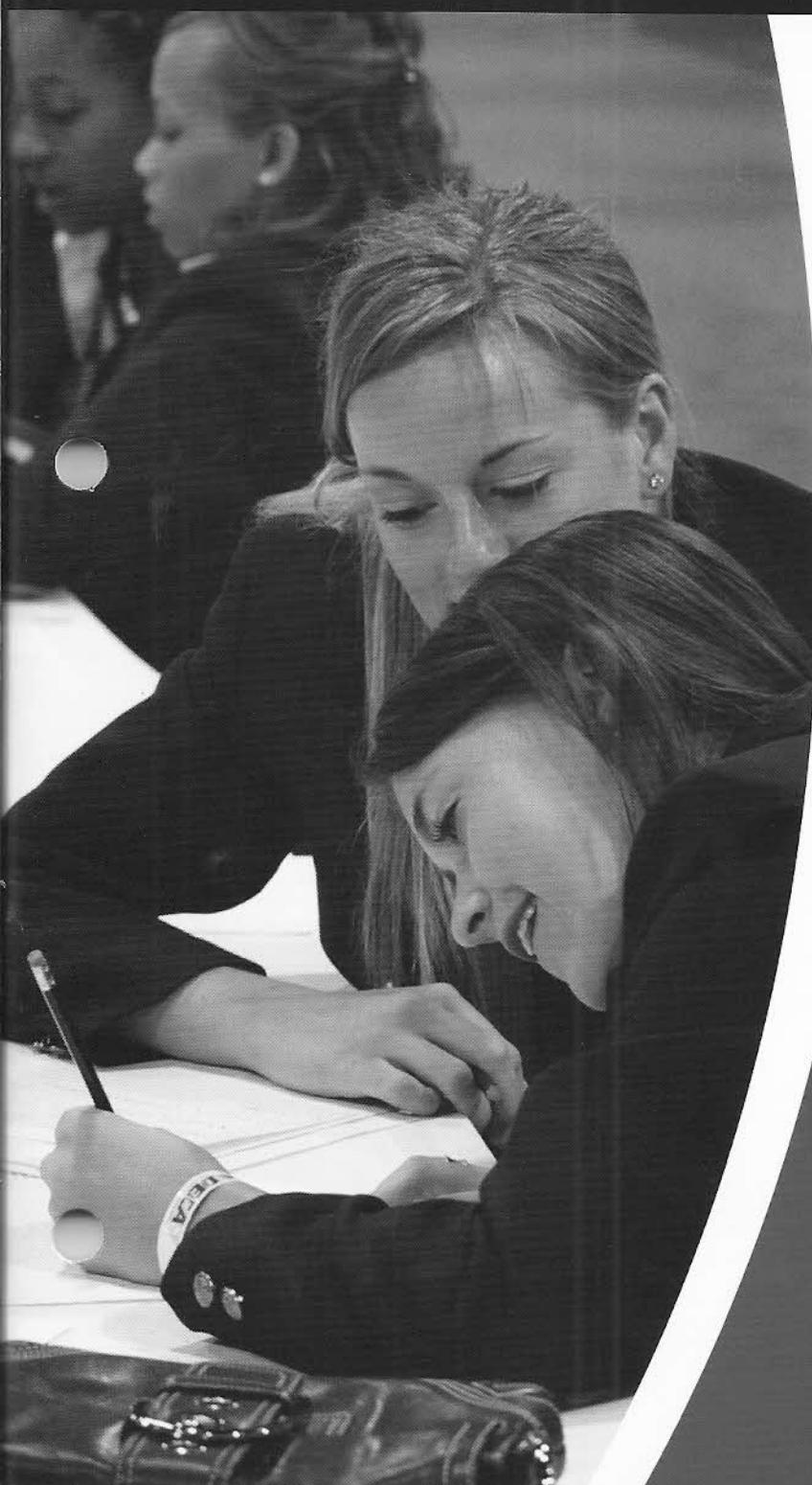


# • 2010 Practice Exam Booklet

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# Marketing



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# **Marketing**

## **2010 EXAM**

International Career Development Conference, 2010

This comprehensive exam was developed by MBAResearch and Curriculum Center®, under contract with DECA, Inc.



1. A jurisdiction's judicial system strives to treat all parties fairly by
  - A. developing contracts.
  - B. implementing flexible laws.
  - C. interrogating witnesses.
  - D. following legal procedure.
2. It is often best for a business to use an exclusive distribution pattern when it
  - A. needs to maintain tight control over a product.
  - B. prefers to have its intermediaries promote the product.
  - C. chooses to eliminate intermediaries.
  - D. wants the product to be available in all possible locations.
3. Sasha has just received a fax order from a customer. The customer has requested six each of a certain product, but has not indicated the desired color. What can Sasha do to make sure that the customer receives the desired product?
  - A. Contact the customer and ask him/her what color s/he wants
  - B. Select the color based on the most available in stock
  - C. Have the warehouse staff ship one in each color
  - D. E-mail the customer to advise him/her that the order is incomplete
4. The primary advantage to businesses using electronic data interchange (EDI) systems in the channel management function is that the systems
  - A. ensure that product quality standards are achieved.
  - B. provide buyers with a greater selection of goods and services.
  - C. allow sellers to track the transportation route of orders.
  - D. streamline communication between buyers and sellers.
5. Slotting allowances are an ethical issue that businesses must consider because these types of fees can
  - A. increase customers' choices.
  - B. encourage high tariffs.
  - C. discourage innovation.
  - D. decrease channel reliability.
6. Chadwell's Toy Palace is planning a "buy one, get one free" sale for some popular toys. What will the store need to do to ensure that there are enough products available to meet the changing demand?
  - A. Send copies of the promotional literature to the store's vendors
  - B. Hire additional warehouse staff for the duration of the sale
  - C. Change the distribution strategy from selective to intensive
  - D. Purchase higher quantities of the sale items in a timely manner
7. Which of the following is a situation in which horizontal conflict may occur among channel members:
  - A. Scrambled merchandising
  - B. Chargebacks
  - C. Direct selling
  - D. Franchisor restrictions on franchisees

8. One way to demonstrate active listening is by
- A. focusing your attention on distractions.
  - B. interrupting the speaker to ask questions.
  - C. taking steps to minimize barriers.
  - D. concentrating only on the points that you want to hear.
9. Effective note-taking involves summarizing key concepts in ways that
- A. reflect proper punctuation and grammar. C. make sense to the speaker.
  - B. are meaningful to the note-taker. D. include personal opinion and bias.
10. What component is important to include in all types of inquiry letters?
- A. Attention-getting title C. Project specifications
  - B. Personal qualifications D. Contact information
11. What should the first section of an executive summary contain?
- A. A letter of authorization
  - B. A recommended course of action
  - C. A statement of the report's purpose
  - D. An acknowledgement of the report's sponsors
12. When participating in a project-status meeting, it is important for a participant to
- A. be prepared to provide an update.
  - B. monopolize the conversation.
  - C. provide information about new company policies.
  - D. take notes for the group.
13. An important aspect of fulfilling a company's brand promise is to
- A. develop different trade characters for different market segments.
  - B. change the company's slogan on a regular basis.
  - C. establish different policies for different types of customers.
  - D. use touch points to create positive customer experiences.
14. What type of software program allows a business employee and a customer to communicate in real time from a computer by typing text?
- A. Call tracking C. Procurement
  - B. Database D. Instant messaging
15. A primary reason that businesses expand their operations in foreign countries is to
- A. eliminate tax obligations. C. condense their market shares.
  - B. increase revenues. D. promote environmental issues.
16. Which of the following is a legal factor that may affect the business environment:
- A. Market trends C. International tensions
  - B. Wage regulations D. Interest rates

17. A government establishes an organization that monitors and ensures that businesses are complying with advertising laws. This organization is an example of a
- A. regulatory agency.
  - B. lobbying group.
  - C. legislative body.
  - D. watchdog corporation.
18. As an employee of Simpson and Associates, Kevin performs a variety of activities each day, sets his own work pace, and has the authority to make many business decisions. Kevin's job involves \_\_\_\_\_ scope and \_\_\_\_\_ depth.
- A. low, high
  - B. high, low
  - C. high, high
  - D. low, low
19. Consumers may be prompted to increase their spending when
- A. the government implements expansionary monetary policies.
  - B. unemployment rates steadily increase over an extended period of time.
  - C. businesses purchase fewer raw materials.
  - D. their confidence levels in the health of the economy decline.
20. In relation to career success, it is important for individuals to assess their strengths and weaknesses so they can
- A. change their personalities.
  - B. apply their talents where they are best used.
  - C. improve their relationships with friends.
  - D. eliminate conflict.
21. What is a potential benefit to an employee who demonstrates initiative on the job?
- A. More advancement opportunities
  - B. Fewer performance reviews
  - C. Decreased job responsibilities
  - D. Increased emotional intelligence
22. A good indication that you may be making an unethical choice is if you
- A. make excuses to justify your behavior.
  - B. attempt to be objective.
  - C. maintain confidential information.
  - D. disagree with the rules.
23. During lunch in the company's cafeteria, McKenzie overheard her coworker, Abby tell Kyle that she has a job interview with another firm next week. To respect Abby's privacy, McKenzie should
- A. drop vague hints to her supervisor that Abby is unhappy and looking for another job.
  - B. keep the information to herself and not say anything to anyone.
  - C. promise Kyle that she will not tell anyone about his conversation with Abby.
  - D. tell Abby that she overheard the conversation, and assure Abby that her secret is safe.
24. What is the first thing you need to do when you want to persuade others to take a certain course of action?
- A. Understand your audience
  - B. State your case
  - C. Express a need or want
  - D. Communicate clearly
25. What does a businessperson need to do when preparing for an upcoming negotiation?
- A. Develop a strategy that avoids conflict
  - B. Analyze the other person's position
  - C. Embrace an all or nothing attitude
  - D. Adopt an aggressive negotiating style

26. Which of the following is an example of a team leader using a positive incentive to motivate his/her team members:
- Ali told the team that everyone could take the afternoon off if the project was completed on time.
  - Kate rudely told her team members, "Since the two of you can't do this right, I'll just do it myself."
  - Karl said, "If this project isn't done on time, we're all going to receive bad performance reviews."
  - To ease the tension in the group, Calvin told a joke, which made all the team members laugh.
27. A critical aspect of financial planning involves
- saving money for unexpected situations.
  - obtaining several credit cards.
  - investing money in high-risk securities.
  - setting broad financial goals.
28. An apartment building is an example of a(n) \_\_\_\_\_ investment.
- lending
  - ownership
  - realistic
  - domestic
29. A business should strive to keep its cash conversion cycle as short as possible so it
- has fewer liquid assets.
  - can earn dividends.
  - can increase its profit margin.
  - has cash available to use.
30. Why is it important for a business to clearly communicate its budget to employees?
- So employees know when they should work overtime
  - So employees are aware of their effect on the business's profits
  - Because the business is legally required to disclose financial information
  - Because employees need to know when they need to adjust the budget
31. Ethan is a human resources manager who is attending a job fair to discuss employment opportunities with job-fair attendees. This is an example of a \_\_\_\_\_ activity.
- sales-promotion
  - training
  - recruiting
  - compliance
32. Which of the following is an unethical practice in relation to marketing-information management:
- Summarizing statistical data in an unusual format
  - Obtaining a customer's personal data
  - Implementing opt-in and opt-out e-mail policies
  - Using spyware computer programs

33. Which of the following situations is an example of SUGGING:
- A. A salesperson offers a customer the opportunity to try an expensive product free of charge.
  - B. A telemarketer asks a customer if s/he knows anyone who would want to buy a certain product.
  - C. A marketer tells a customer that s/he is conducting research, and then begins a sales pitch.
  - D. A business promotes a product by sending samples to its customers without authorization.
34. Which of the following is an example of a secondary source of data that a business can obtain internally:
- A. Sales report
  - B. Trade journal
  - C. Government web site
  - D. Magazine article
35. Which of the following situations indicates that a marketer should conduct marketing research to resolve a problem:
- A. Declining inflation
  - B. Testing new products
  - C. Monitoring competitors
  - D. Losing market share
36. Because the Hubert Company is not sure how to define its marketing problem, it should begin examining the issue by
- A. gathering primary marketing data.
  - B. selecting a survey format.
  - C. analyzing the sampling error.
  - D. conducting exploratory research.
37. When developing a sampling plan for a marketing-research project, a business must first determine
- A. the size of the group it intends to survey.
  - B. the validity of the information.
  - C. how the researchers should code the responses.
  - D. how to predict the sample group's responses.
38. Which of the following data-collection methods obtains product information during the point-of-purchase process:
- A. Volume-tracking scanner
  - B. Photographic scanner
  - C. E-mail survey
  - D. Statistical survey
39. Which of the following is a device that helps to ensure that direct-observation research is collected in a neutral way:
- A. Fax machine
  - B. Global-orientation system
  - C. Video camera
  - D. Computer-disk player
40. The Fragrantly Yours Flower Shop determined that it sells between 35 and 50 dozen red roses each week. What measure is the flower shop using to analyze product sales?
- A. Mode
  - B. Average
  - C. Median
  - D. Range

41. Which of the following questions does a well-written marketing-research brief answer:  
A. Can we effectively enter a new market? C. What is the purpose of the research?  
B. Why are sales decreasing? D. Did we achieve the desired outcome?
42. When Elliot was tabulating marketing research data, he transposed some numbers as he was converting raw data into numerical values. What type of error occurred?  
A. Response C. Sampling  
B. Measurement D. Recording
43. When evaluating the wording of a survey, the editor should make sure that each question contains  
A. clear, technical terms. C. simple words without jargon.  
B. impressive but vague language. D. vocabulary with dual meanings.
44. Which of the following is a primary advantage of conducting a focus group to obtain marketing information:  
A. Moderator objectivity C. Limited preparation  
B. Cost effectiveness D. Discussion relevance
45. Which of the following statements is true about the timeliness of research information:  
A. A company that uses out-of-date research data may make poor business decisions.  
B. Timely information is usually relevant to the problem or situation at hand.  
C. Timely information that is obtained from online sources is usually accurate.  
D. Older information that is obtained from secondary sources lacks credibility.
46. Which of the following research methods is an appropriate way to gather marketing information when quick responsiveness and low costs are important issues:  
A. Face-to-face interviews C. Internet survey  
B. Test marketing D. Field experiment
47. What marketing function directly affects how well a product will sell and the amount of money the business will make?  
A. Channel Management C. Product/Service Management  
B. Promotion D. Pricing
48. What element of the marketing mix involves considerations such as the types of brands that the business carries and the types of support services the business offers?  
A. Place C. Product  
B. Price D. Promotion
49. A business determines that it can increase its market share 12 percent by promoting its goods and services to Hispanic females who are 18- to 34-years old. The business is segmenting the market on the basis of  
A. geographics. C. demographics.  
B. psychographics. D. behavior.

50. Maria is developing her marketing plan for her small, but growing, business. She notes that one of the advantages of her company is that her staff is highly creative and flexible; however, a primary limitation that she faces is that she does not have sufficient financial resources to expand her product line. In which component of the marketing plan would Maria place this information?
- A. Financial statement      C. Marketing mix  
B. Promotional plan      D. SWOT analysis
51. Which of the following is an external threat that a company might identify while conducting a situation analysis:
- A. Increasing GDP      C. Rising inflation rate  
B. Falling interest rates      D. Declining unemployment
52. Which of the following situations best demonstrates why businesses should retain their records:
- A. A business is planning to sell out to another company.  
B. A business is planning to send anniversary cards to employees on the date of their employment.  
C. A business is planning to send press releases to the local newspaper.  
D. A business is planning to use webinars for employee training.
53. Which of the following are characteristics of effective business information:
- A. Usable, accurate, and retrievable      C. Applicable, historical, and complete  
B. Current, simple, and accessible      D. Organized, complex, and superficial
54. Ingrid is able to access information from her desktop publishing software, word-processing software, and spreadsheet software at the same time on her personal computer. This is an example of an operating system with \_\_\_\_\_ capabilities.
- A. multiprocessing      C. multitasking  
B. multi-user      D. multithreading
55. After The IWP Company receives online orders from its customers, it quickly replies to all of its customers with the following e-mail message: "Thank you for your order. It will be processed within the next 48 hours." The e-mail function that generates these types of messages is called a(n)
- A. mechanical reaction.      C. autoresponder.  
B. instant message.      D. timed reply.
56. Which of the following is an important aspect of a business's operations function:
- A. Establishing efficient processes      C. Providing access to information  
B. Locating potential customers      D. Hiring qualified employees
57. What is the advantage to a business that installs external surveillance cameras in prominent locations around its property?
- A. Eliminates the need to install alarms      C. Discourages attempted burglaries  
B. Reduces the risk of extortion      D. Prevents armed robberies



66. Which of the following statements is true about the use of computer-coded frequent-shopper cards:
- A. Cardholders receive better discounts on certain products than non-cardholders.
  - B. Non-cardholders pay service fees to obtain the lower prices that cardholders pay.
  - C. Non-cardholders receive reward points rather than price discounts.
  - D. Frequent-shopper cards serve as incentives for customers to buy from other businesses.
67. A retailer advertises discounted prices for certain items in a local newspaper and deliberately does not change the prices of the items in its computer system during the sale. As a result, customers were charged the original prices at the point of sale. This deceptive pricing practice is called
- A. price discrimination.
  - B. scanner fraud.
  - C. collusion.
  - D. dumping.
68. During which phase of a product's life cycle do its profit margins tend to narrow?
- A. Introduction
  - B. Decline
  - C. Maturity
  - D. Growth
69. An electronic data interchange (EDI) system facilitates a company's ability to
- A. test product quality.
  - B. improve product durability.
  - C. manage product availability.
  - D. develop new products.
70. Which of the following is an unethical situation in product/service management:
- A. Vincent Electronics discontinues production of a slow-moving solar calculator.
  - B. Travis Manufacturing uses recycled materials for its product packaging.
  - C. Donna's Dress Boutique obtains deep discounts from a new clothing designer.
  - D. The Simpson Company embellishes the information that it places on its product labels.
71. In the past several years, Jenny noticed that many younger people have moved from her town to larger cities and that a large segment of the town's citizens are reaching retirement age. Jenny realized a need for a variety of home-health care services for the town's senior citizens. What factor presented Jenny with this product opportunity?
- A. Personal attitudes
  - B. Demographic changes
  - C. Geographic limitations
  - D. Economic resources
72. Kelsey's work team decides that the best way to approach a situation is to have each member focus on different aspects of the issue, such as fact finding, positives, negatives, and emotions. What creative-thinking technique is the work team using?
- A. Six Thinking Hats
  - B. Brainstorming
  - C. Mind mapping
  - D. Unconscious problem solving
73. JIB Corporation's research and development team examined the company's top-selling item and determined ways to improve it. JIB generated these product ideas in relation to
- A. product modification.
  - B. competitors' products.
  - C. customers' suggestions.
  - D. product placement.

74. Size, weight, condition, and quality are often factors that government agencies consider when they
- A. enforce safety policies.
  - B. establish cost standards.
  - C. assign product grades.
  - D. review inventory systems.
75. What is an advantage of product bundling to a business?
- A. The business is less likely to experience cash-flow problems.
  - B. Customers are usually satisfied with the quality of all the bundled items.
  - C. The business usually increases its profit margins by offering deep discounts.
  - D. Customers are less likely to buy the individual items from competitors later.
76. What is a business communicating when it positions a product by emphasizing the unique attributes of that product in relation to similar products marketed by competitors?
- A. Time utility
  - B. Touch points
  - C. Competitive advantage
  - D. Superior quality
77. Which of the following are touch points that a successful company often uses to communicate its corporate brand to its target market?
- A. Employees, sales staff, and compensation policies
  - B. Company web site, sales calls, and trade shows
  - C. Trade shows, sales reports, and employees
  - D. Sales calls, company web site, and marketing audits
78. When positioning its corporate brand, it is important for a company to evaluate its competitors so it can determine
- A. profit margins.
  - B. points of difference.
  - C. managerial styles.
  - D. support services.
79. What type of unethical advertising is being used when a television commercial convinces consumers that they can avoid serious illness by using a particular product?
- A. Stereotyping
  - B. Fear-based
  - C. Gender bias
  - D. Puffery
80. What entertaining form of Internet promotion involves animations that float across the computer screen and move back to their original space?
- A. Media-rich advertising
  - B. Blogs
  - C. Interstitials
  - D. Banner ads
81. Governments that have passed "do not call" laws are restricting promotional activities related to
- A. direct mail.
  - B. contests.
  - C. Internet downloads.
  - D. telemarketing.
82. Which of the following best describes the goal of amplified word-of-mouth:
- A. Improving the quality of goods and services the business offers
  - B. Encouraging customers to provide both positive and negative feedback
  - C. Building loyal relationships with the customers
  - D. Providing information to activists to share with others

83. A primary advantage to businesses using direct marketing to promote their goods and services is that the messages
- A. are sent to those who are mostly likely to buy.
  - B. enhance the business's credibility.
  - C. are relatively inexpensive to produce.
  - D. provide customers with direct access to knowledgeable salespeople.
84. Ben recently purchased a cellular telephone. The manufacturer provided a form and a special code with the telephone's packaging. Ben completed the form, copied his sales receipt, and mailed these items back to the manufacturer along with the part of the packaging that contained the special code. Within six weeks, Ben received a \$50 check from the telephone manufacturer. What type of sales-promotion technique was used?
- A. Coupon
  - B. Rebate
  - C. Sweepstakes
  - D. Warranty
85. Which of the following communication channels is a corporation's public-relations department most likely to use to maintain positive relationships with shareholders:
- A. Newsletters, annual reports, and the company's web site
  - B. Press releases, online social networks, and print advertisements
  - C. News conferences, consumer blogs, and employee manuals
  - D. Policy manuals, commercials, and sponsorships
86. How can a business communicate a print advertisement's message to its audience in an appealing way?
- A. Coordinate the advertisement's elements
  - B. Focus more on the text and less on graphics
  - C. Use testimonials from celebrities in the news
  - D. Select a variety of bold fonts and unrelated graphics
87. Which of the following situations is an example of a public-relations activity:
- A. Evan coordinates an upcoming sales promotion with the company's purchasing manager.
  - B. Jana prepares a press release about her firm's new licensing agreement with a large company.
  - C. Colleen telephones a prospective customer to try to schedule a product demonstration.
  - D. Eli reviews a report to determine which clients have overdue payments due on their accounts.
88. Which of the following is an example of a public-relations activity that involves communicating with an internal audience:
- A. Developing an employee newsletter
  - B. Holding a weekly press conference
  - C. Distributing a press release
  - D. Making a donation to a charity
89. The most appropriate way for the High-Tech Computer Company to communicate information about its new line of computers at a trade show is by
- A. holding product demonstrations.
  - B. sending direct mail.
  - C. placing billboard advertisements.
  - D. developing a contest.

90. A primary factor that a business considers when deciding to participate in a trade show is the
- A. business's inventory levels.
  - B. business's operating policies.
  - C. number of expected visitors.
  - D. cost of the concessions.
91. Sophie is developing the promotional plan for her company, and is working on the section of the plan that involves forecasting the expenses associated with various promotional activities. What component of the promotional plan is Sophie working on?
- A. Strategy
  - B. Executive summary
  - C. Budget
  - D. Situation analysis
92. A business can enhance its customer-service levels after the sales transaction has occurred by
- A. arranging financing and suggestion selling.
  - B. offering training programs and providing technical support.
  - C. providing product information and generating referrals.
  - D. checking inventory status and advertising product specials.
93. A business's selling policies are beneficial to customers when they
- A. maximize profitability and achieve sales goals.
  - B. restrict the salespeople's selling activities.
  - C. provide customers with limited credit options.
  - D. ensure that all customers are treated fairly.
94. To reduce the risk of bribery in selling situations, it is a good idea for businesses to develop
- A. diversity training manuals.
  - B. promotional budgets.
  - C. entertainment guidelines.
  - D. product delivery policies.
95. Jason is a salesperson who has just landed an appointment with a prospective client who has the potential to provide Jason's company with a lot of business. Jason wants to make sure he is well prepared for his meeting and presentation, so he decides that he needs to obtain information about the client. How can Jason quickly and effectively use technology to learn about the prospective client's business?
- A. Telephone the prospective client's vendors
  - B. Review the prospective client's web site
  - C. Access the prospective client's Intranet
  - D. Send e-mail inquiries to the prospective client's employees
96. A pharmaceutical company fails to warn the public about the possible side effects associated with a new medication. This is an example of a business violating selling regulations through
- A. branding.
  - B. exaggeration.
  - C. misrepresentation.
  - D. exclusivity.
97. Kevin is a salesperson for the Branson Company. A customer asks Kevin for specific warranty information about a new product that Branson recently started selling. Which of the following is the quickest, most reliable source for Kevin to use to obtain the desired information:
- A. Customers who already own the product
  - B. The manufacturer's product literature
  - C. Branson's newspaper advertisement
  - D. The display model of the product

98. When a salesperson first begins to establish a relationship with a customer, s/he should focus on
- A. putting the customer at ease.
  - B. describing the product's benefits.
  - C. asking the customer for the sale.
  - D. recommending complementary items.
99. According to Maslow's Hierarchy of Needs Theory, buying behavior that involves the acquisition of goods and services to elevate a person's status or recognition are \_\_\_\_\_ needs.
- A. self-actualization
  - B. physiological
  - C. esteem
  - D. safety
100. Which of the following levels of managers spend most of their time staffing, directing, and controlling the day-to-day activities of the business:
- A. Mid-level
  - B. First-line
  - C. Executive
  - D. Regional

# **Marketing**

## **2010 EXAM | ANSWER KEY**

International Career Development Conference, 2010

This comprehensive exam was developed by *MBAResearch* and Curriculum Center®, under contract with DECA, Inc.



1. D

Following legal procedure. Legal procedure refers to the methods that are used to protect an individual's or business's legal rights. Each jurisdiction's court system requires that certain procedures be followed to ensure fair treatment to both the plaintiff and the defendant. This involves following legal procedures to file complaints with the court, to serve documents to the opposition, and to exhibit proper behavior with witnesses and jurors during court proceedings. The purpose of legal procedures is to provide consistent and fair treatment to all parties involved in a legal dispute. The judicial system does not develop contracts or implement laws; it rules on contract validity by interpreting laws.

SOURCE: BL:070

SOURCE: Answers.com. (n.d.). *Procedural law*. Retrieved January 6, 2009, from <http://www.answers.com/topic/procedural-law>

2. A

Needs to maintain tight control over a product. Exclusive distribution involves selling a product through one intermediary or middlemen, in a geographic area. Exclusive distribution is often preferred for specialty, highly complex, and technical products, or products that require special handling or training, such as airplanes or large machinery. When a business wants to deal with intermediaries that will do the best job to promote and sell their products, it would use selective distribution. Selective distribution means selling a product through a limited number of wholesalers and retailers in a geographic location. A business that wants to bypass middlemen (intermediaries) would choose a direct-distribution strategy. Intensive distribution involves selling a product (e.g., candy bars) through every available wholesaler and retailer in a geographic area where consumers might look for the product.

SOURCE: CM:001

SOURCE: CM LAP 2—Chart Your Channels (Channel Management)

3. A

Contact the customer and ask him/her what color s/he wants. An important aspect of customer service is making sure the customer gets what s/he wants when s/he needs it. If Sasha has incomplete information to process the order, then she should contact the customer to obtain that information. When contacting the customer, Sasha should indicate why the order is incomplete and what information is needed to process the order. If Sasha was to select and ship products based on the colors available in inventory or was to ship one of each color available, the customer may not get what s/he wants, and send the products back, which is costly to the business.

SOURCE: CM:002

SOURCE: Clark, B., Sobel, J., & Basteri C.G. (2006). *Marketing dynamics* (p. 567). Tinley Park, IL: Goodheart-Willcox.

4. D

Streamline communication between buyers and sellers. Electronic data interchange (EDI) systems allow businesses to use their computers to send information to another business's computers. Businesses use an EDI system to monitor inventory and order products. EDI systems reduce paperwork and streamline communication, which result in better channel efficiency. EDI systems do not always provide buyers with a greater selection of products, nor do they ensure that product quality standards are achieved. Businesses use global positioning systems (GPS) to track the shipments.

SOURCE: CM:004

SOURCE: Monczka, R.M., Handfield, R.B., Giunipero, L.C., & Patterson, J.L. (2009). *Purchasing and supply chain management* (4<sup>th</sup> ed.) [pp. 683-686]. South-Western Cengage Learning.

5. C

Discourage innovation. A slotting allowance (fee) is a cash premium that manufacturers pay to businesses to cover the costs involved in carrying a new product. Because larger manufacturers tend to have more money than small manufacturers, they are often awarded shelf space for new products because they can afford to pay higher slotting allowances. Consequently, this limits the small manufacturers' exposure in the marketplace and their ability to effectively compete in the marketplace. When small manufacturers believe that they cannot compete, they are less likely to act on new product ideas. When fewer products are on the market, customers have fewer choices. Tariffs are taxes on imports and are levied by governments. Slotting allowances do not always decrease channel reliability.

SOURCE: CM:006

SOURCE: Boone, L.E., & Kurtz, D.L. (2004). *Contemporary marketing* (11<sup>th</sup> ed.) [p. 446]. Mason, OH: Thomson/South-Western.

6. D

Purchase higher quantities of the sale items in a timely manner. Channel management is the process by which marketers ensure that products are distributed to customers efficiently and effectively. Coordinating channel management with other marketing activities is important because the store must have items available to sell to the customers. This involves ordering the appropriate amount of items and ensuring that the items are delivered to the store before the promotional event or sale. Stores that promote goods they do not have in stock often annoy the customers who want to buy the items. A selective distribution strategy is a distribution pattern in which a producer sells a product through a limited number of intermediaries in a geographic location. An intensive distribution strategy involves a producer selling a product through every available intermediary. A business would not change its overall distribution strategy for a single promotional event. Hiring additional warehouse staff and sending copies of promotional literature to vendors will not ensure that the store has enough products available to meet the demand for the items during the sale.

SOURCE: CM:007

SOURCE: Monczka, R.M., Handfield, R.B., Giunipero, L.C., & Patterson, J.L. (2009). *Purchasing and supply chain management* (4th ed.) [pp. 117, 119, 156]. South-Western Cengage Learning.

7. A

Scrambled merchandising. Horizontal channel conflict occurs among channel members at the same level (e.g., retailers). Scrambled merchandising is a situation in which intermediaries add products lines to their product mix that were traditionally sold by other businesses, thereby creating a more competitive environment. For example, many pharmacy chains are adding perishable food items (milk, eggs) to their product lines. By doing so, they are now competing with grocery and convenience stores for scarce customer dollars, which creates horizontal conflict. Chargebacks (penalties), direct selling (bypassing intermediaries), and franchisor restrictions on franchisees often create vertical conflict among channel members. Vertical conflict occurs among channel members at different levels in a distribution channel.

SOURCE: CM:008

SOURCE: Etzel, M.J., Walker, B.J., & Stanton, W.J. (2007). *Marketing* (14<sup>th</sup> ed.) [pp. 395-398]. Boston: McGraw-Hill/Irwin.

8. C

Taking steps to minimize barriers. Active listening involves the use of nonverbal cues, paraphrasing, questioning, and other techniques to let a speaker know that a message has been heard and understood. Barriers such as telephone calls, loud music, and other noises can hinder the ability to focus on what the speaker is saying. Taking steps to minimize barriers, such as closing a door, or letting a phone call go to voice mail can decrease distractions and improve active listening. Active listeners wait until a speaker has finished talking before asking questions. Interrupting the speaker is rude and distracting. If the listener pays attention only to the points s/he wants to hear, the message may be misunderstood.

SOURCE: CO:017

SOURCE: Bovée, C. L., & Thill, J. V. (2008). *Business communication today* (9th ed.) [pp. 52-54]. Upper Saddle River, NJ: Pearson Prentice Hall.

9. B

Are meaningful to the note-taker. Effective note-taking involves writing down the most important information or key points for future reference. Writing or typing key phrases, words, or symbols that are meaningful to the note-taker are ways of capturing the most important information. Because the notes are for personal use, they do not need to reflect proper punctuation and grammar or make sense to the speaker. Notes do not always include personal opinion and bias.

SOURCE: CO:085

SOURCE: Student Planning Center. (n.d.). *Effective note-taking*. Retrieved January 25, 2010, from <http://slc.berkeley.edu/studystrategies/calren/notetaking1.html>

10. D

Contact information. An inquiry is a request for information. Letters of inquiry are requests for information such as job openings with businesses, product specifications, prices, proposals, etc. To respond to an inquiry, the letter recipient must know to whom the information should be sent. Therefore, all inquiry letters should contain contact information—the inquirer's name, telephone number, mailing address, and/or e-mail address. Skills and qualifications might be included in a letter of inquiry that a job seeker sends to a potential employer. Project specifications might be included in a request for proposal. Letters of inquiry do not contain attention-getting titles.

SOURCE: CO:040

SOURCE: WriteExpress Corporation. (n.d.). *Write inquiries*. Retrieved January 25, 2010, from <http://www.writeexpress.com/inquiry.htm>

11. C

A statement of the report's purpose. The executive summary provides an overview of the entire report and contains the most important information included in the body of the report. The first section of the executive summary should inform the reader about the purpose of the report—the reason the report exists. For example, if the report addresses a specific business problem, the report should cite the problem in the purpose statement of the executive summary. Recommendations are addressed in the recommendations section of the report. A letter of authorization might be included in a proposal that a business submits to a potential client. By signing the letter of authorization, the client provides approval to proceed with an activity or project. The first section of an executive summary does not acknowledge sponsors. Sponsors support activities, events, or projects rather than reports.

SOURCE: CO:091

SOURCE: Bovée, C. L., & Thill, J. V. (2008). *Business communication today* (9th ed.) [pp. 456, 461, 474]. Upper Saddle River, NJ: Pearson Prentice Hall.

12. A

Be prepared to provide an update. It is important for a meeting participant to be prepared to present the required information at a scheduled meeting. Being unprepared is unprofessional and inconsiderate of the other participants' time. Without the necessary information, the meeting may need to be rescheduled. Meeting participants should not monopolize the conversation. New company policies would be relevant only if they affect the project. Otherwise, they should be communicated outside the project-status meeting. It is not always necessary to take notes for the group.

SOURCE: CO:063

SOURCE: Bovée, C. L., & Thill, J. V. (2008). *Business communication today* (9th ed.) [pp. 47-48]. Upper Saddle River, NJ: Pearson Prentice Hall.

13. D

Use touch points to create positive customer experiences. The brand promise is a company's agreement (spoken or unspoken) with customers that it will consistently meet their expectations and deliver on its brand characteristics and values. To build and maintain customer relationships, a company's brand promise should strive to create positive experiences for customers—experiences that will encourage them to return to the business again and again. Companies use various touch points to create these experiences for their customers. Touch points are all of the opportunities that a company has to connect with its customers and reinforce its brand value. Touch points may include the company's employees, product attributes and packaging, and technological systems (e.g., telephone, web site). A slogan (tag line) is a phrase that is easy to remember, such as "Nationwide is on your side." A trade character is a symbol that is personified (e.g., Tony the Tiger). Businesses often use slogans and trade characters as elements of their brands. Changing slogans frequently or developing different trade characters may confuse customers, which may reduce brand recognition. One reason that businesses establish certain types of policies (e.g., sales, service) is to ensure that customers are treated fairly. Establishing different policies for different customers is not treating customers fairly, and in circumstances, these actions are illegal.

SOURCE: CR:001

SOURCE: Glatstein, S. (n.d.). *5 steps to brand building: Touch points are key to building a strong brand*. Retrieved January 25, 2010, from <http://sbinfo.canada.about.com/od/marketing/a/brandbuildingsg.htm>

14. D

Instant messaging. Instant messaging software allows two or more people to communicate in real time by typing text into computers. Many online businesses use instant messaging as an element of the customer service that they provide their customers. For example, a customer can type a question into a text field on the business's web site, and the business's customer-service representative can respond immediately to the question by posting a reply message. Having this form of technology helps businesses manage their customer relationships in an efficient, positive way. A database is computerized storage for information and facts. Procurement software helps businesses obtain and manage inventory. Call-tracking software helps businesses monitor their telephone calls.

SOURCE: CR:018

SOURCE: Peppers, D., & Rogers, M. (2004). *Managing customer relationships: A strategic framework* (p. 207). Hoboken, NJ: John Wiley & Sons, Inc.

15. B

Increase revenues. By expanding operations in foreign countries, businesses have the opportunity to sell goods and services in another market. If the market buys the business's products, the business increases both its market share and its revenues. Foreign expansion doesn't eliminate the business's tax responsibility. A business exists to make a profit, so its primary goal is to earn money to keep operating. Promoting environmental issues may be an important goal to some international businesses; however, the businesses must focus on generating revenues, so they are around to promote environmental issues or other issues of organizational importance.

SOURCE: EC:104

SOURCE: Heakal, R. (n.d.). *What is international trade?* Retrieved February 1, 2010, from <http://www.investopedia.com/articles/03/112503.asp>

16. B

Wage regulations. Many external factors can affect the business environment. Laws that govern what businesses can and cannot do are legal factors. Wage regulations require businesses to follow certain laws in relation to the ways in which employees are compensated. For example, minimum-wage laws set the lowest amount of hourly wages that a business may pay its employees. Minimum-wage regulations are designed to protect employees from unfair treatment by businesses. If businesses fail to follow wage-regulations, the government is likely to penalize them. Market trends are social factors that affect the business environment. International tensions are political factors that affect the business environment. Interest rates are economic factors that affect the business environment.

SOURCE: EC:105

SOURCE: tutor2u. (n.d.). *Introduction to the external environment.* Retrieved December 21, 2009, from [http://tutor2u.net/business/gcse/external\\_environment\\_introduction.htm](http://tutor2u.net/business/gcse/external_environment_introduction.htm)

17. A

Regulatory agency. Established by the government, a regulatory or watchdog agency is an organization that monitors business activities and ensures that businesses follow the law. Some regulatory agencies have the authority to impose fines or other types of punishment on businesses that violate the law. The legislative body consists of government officials who develop and enact the laws. Lobbying groups are special-interest organizations that work to influence government policies. The government does not establish corporations to monitor businesses and enforce laws.

SOURCE: EC:008

SOURCE: EC LAP 16—Regulate and Protect (Government and Business)

18. C

High, high. Scope is the number of tasks involved in a job and the frequency with which they occur. Because Kevin performs a lot of different activities, the scope of his job is high. If Kevin were to repeat the same tasks, his job scope would be low. Depth refers to the amount of control and decision-making an employee has in a job. Because Kevin sets his own pace and has the authority to make many decisions, the depth of his job is high. If Kevin had little control over his work and did not have the authority to make major decisions about his work, his job depth would be low.

SOURCE: EC:014

SOURCE: Slide Share. (2009). *Job analysis and design.* Retrieved January 25, 2010, from <http://www.slideshare.net/aasthatyagi/job-analysis-design-presentation>

19. A

The government implements expansionary monetary policies. Government monetary policies involve making decisions about the amount of money that will be in circulation and the level of interest rates. The government considers the state of the economy when determining in what ways, if any, it should change monetary policies. If trends indicate a recession is or may occur, the government will implement strategies to prevent the recession or to jumpstart the economy during a recession. To jumpstart the economy, the government might lower interest rates and/or expand the money supply. Lowering interest rates often stimulates borrowing and having more money in circulation often encourages consumer spending. As unemployment increases, consumer spending decreases. Businesses tend to purchase fewer raw materials when production decreases or when the resources (e.g., money, natural, human) are not available. Consumer spending increases when consumers feel confident about the economy and decreases when confidence levels in the economy fall.

SOURCE: EC:081

SOURCE: Hall, S. (n.d.). *How does monetary policy affect a recession?* Retrieved December 17, 2009, from [http://www.ehow.com/about\\_5286311\\_monetary-policy-affect-recession.html](http://www.ehow.com/about_5286311_monetary-policy-affect-recession.html)

20. B

Apply their talents where they are best used. People who use their talents are more likely to succeed in their careers. To know what their talents are, individuals must determine their personal strengths and weaknesses. For example, a very artistic person is probably going to be happier and more successful as a graphic artist than if s/he were to work as an accountant, which involves working with a lot of numerical data. While it is important for people to try to improve weaknesses (e.g., procrastination), this does not mean that they change their personalities. Improving relationships with friends is a personal goal rather than one that will help a person succeed in his/her career. Everyone experiences conflict at some time, and it cannot be eliminated.

SOURCE: EI:002

SOURCE: EI LAP 17—Assess for Success (Assessing Personal Strengths and Weaknesses)

21. A

More advancement opportunities. Initiative is the willingness to act without having to be told to do so. People who demonstrate initiative are willing to accept and seek out additional or even unpleasant duties. Employers notice employees who demonstrate initiative because employees who take initiative can positively impact the business. Employees who take initiative often benefit because employers are more likely to promote these individuals and provide them with more job responsibilities, which can help them advance in their careers. Employees who demonstrate initiative often receive higher ratings on their job performance reviews. Having higher job-performance ratings does not mean that the employee will have fewer performance reviews. Demonstrating initiative on the job does not always increase an employee's emotional intelligence.

SOURCE: EI:024

SOURCE: EI LAP 2—Hustle! (Taking Initiative at Work)

22. A

Make excuses to justify your behavior. Making excuses means that you are trying to convince yourself that what you are doing or thinking of doing is okay—that you are justifying a wrong or inappropriate choice. Maintaining confidential information (unless it is harmful to others) and being objective are ethical behaviors. Simply disagreeing with certain rules does not always indicate that you are making an unethical choice.

SOURCE: EI:004

SOURCE: EI LAP 4—Work Right (Ethical Work Habits)

23. B

Keep the information to herself and not say anything to anyone. An important aspect of respecting a person's privacy is not to talk to about things that do not affect or concern you. If McKenzie tells other people—including her supervisor, Abby, and Kyle—about a confidential conversation that she overheard, she may gain the reputation of being a gossip, which can greatly reduce her trustworthiness and credibility in the workplace.

SOURCE: EI:029

SOURCE: Kimbrell, G., & Vineyard, B.S. (2006). *Succeeding in the world of work* (pp. 264, 267). New York: Glencoe/McGraw-Hill.

24. A

Understand your audience. When you are persuading others, you are trying to get them to see things a certain way or to take a certain course of action. Before you can persuade people, you must first know what appeals to them. When you have a general idea about their likes, dislikes, opinions, and needs, you will be able to prepare a message that will appeal to them. After you understand your audience, and you know how to present your message in a way that will appeal to them, you can state your case using clear communication, which may include expressing a particular want or need.

SOURCE: EI:012

SOURCE: QS LAP 10—Win With Persuasion

25. B

Analyze the other person's position. Understanding the other person's position—what s/he believes or feels about an idea or issue—is an important aspect of preparing for a negotiation. By understanding the other person's position, the businessperson can determine the common interests s/he shares with the other person, and emphasize those points during the negotiation. If the other person believes that the businessperson wants to reach a mutually beneficial agreement, a win-win outcome is more likely to occur. If each party agreed on every point, there would be no conflict to begin with, and no need for negotiation. Embracing an all or nothing attitude and adopting an aggressive negotiating style tends to create defensiveness and distrust, making a satisfactory outcome unlikely.

SOURCE: EI:062

SOURCE: EI LAP 8—Make It a Win-Win (Negotiation in Business)

26. A

Ali told the team that everyone could take the afternoon off if the project was completed on time. When a team leader attempts to motivate a work team, s/he is trying to prompt them to take some kind of action. Often, offering an incentive or reward goes a long way to encourage people to take the desired action. By offering the group members the afternoon off, Ali is providing an incentive for them to complete their work on time. Being rude to team members and threatening workers with unfavorable performance reviews are not examples of using positive incentives to motivate team members. Telling a joke may ease an uncomfortable situation, but it does not motivate people to complete their work.

SOURCE: EI:059

SOURCE: Gibson, J.L., Ivancevich, J.M., Donnelly, J.H., & Konopaske, R. (2003). *Organizations: Behavior, structure, processes* (11th ed.) [pp. 170, 187]. Boston: Irwin/McGraw-Hill.

27. A

Saving money for unexpected situations. Financial goals are objectives measured in terms of money. Setting financial goals involves financial planning, which is the determination of how to achieve the financial goals. An important aspect of financial planning involves saving money for unexpected situations. Saving money for unexpected situations provides you with funds to pay your bills if you are unable to earn an income for some reason, such as job loss or illness. Obtaining and using several credit cards is problematic if you cannot pay the balances due in a timely manner. The level of investment risk depends on many factors including the individual's comfort level with risk, income level, and age. Financial goals should be specific rather than broad.

SOURCE: FI:065

SOURCE: QS LAP 31—Set Yourself Up

28. B

Ownership. An investment is the use of money to generate a profit or gain. An ownership investment is a type of investment that provides the owner with certain rights in return for using the money. Real estate is an example of an ownership investment. Because the owner of the apartment building rents living space to others, the owner has a right to expect payment (rent) from the renter. A lending investment involves letting someone borrow your money for a specific timeframe for a certain price. Savings accounts, bonds, and certificates of deposit are examples of lending investments. A domestic investment involves generating profits within one's own country. Insufficient information is provided to know whether buying an apartment building is a realistic investment.

SOURCE: FI:077

SOURCE: QS LAP 32—Risky Business?

29. D  
Has cash available to use. The cash conversion cycle is the ratio that reflects the number of days between a company paying for raw materials and receiving cash from selling the products made from those raw materials. The longer this period of time, the longer the company's money is tied up and unavailable for other uses. Therefore, a financial manager strives to keep the cash conversion cycle as short as possible, so that the business has more free cash to work with. A dividend is the amount of money that a corporation pays to a stockholder as earnings on an investment. The profit margin is a product pricing consideration. The profit margin is the amount of money that a business earns on sales after expenses and is expressed as a ratio. Liquid assets are things of value that the business owns, which can be quickly converted to cash.

SOURCE: FI:354

SOURCE: FI LAP 7—Money Matters (Role of Finance)

30. B  
So employees are aware of their effect on the business's profits. A budget is an estimate of income and expenses for a specific period of time. A budget is a tool that helps a business to manage its money. A budget should be realistic, well planned, and communicated to employees. Employees need to know how their actions affect the amount of money that flows into and out of the business—how their decisions affect the business's bottom line. Knowing about the budget can motivate employees to be more cost-conscious, which can help the business become more profitable. Overtime for hourly employees is one aspect that may affect the business's profits. Privately-held businesses are not legally required to disclose certain types of financial information to employees in certain jurisdictions. If necessary, management, rather than employees, can adjust the budget.

SOURCE: FI:106

SOURCE: FI LAP 3—Money Tracks (The Nature of Budgets)

31. C  
Recruiting. Recruiting is the human-resources activity that involves seeking out and attracting qualified potential employees. Participating in job fairs is one way that businesses use to find job candidates. Training is an activity that involves teaching or developing a specific skill. Sales-promotion consists of promotional activities other than advertising, personal selling, and publicity that stimulate customer purchases. Compliance is adhering to rules or laws.

SOURCE: HR:410

SOURCE: HR LAP 35—People Pusher (Nature of Human Resources)

32. D  
Using spyware computer programs. Spyware is a type of computer software program that allows a business to track and collect information about a computer user's Internet activities without the user's consent. When a business doesn't inform its web-site visitors or customers that it is collecting this information and using it for marketing purposes or providing it to other businesses, it is engaging in unethical behavior. To be ethical, the business should disclose to web-site visitors and customers that they collect this information and how they intend to use it. Then, customers have an opportunity to decide if they want to reveal personal information. It is ethical business behavior to obtain a customer's personal data, if the business has the customer's consent. Implementing fair and well-communicated opt-in and opt-out e-mail policies are ethical practices. As long as the statistical data are relevant, accurate, clear, and obtained in an ethical manner, they can be presented in any (e.g., unusual) format.

SOURCE: IM:025

SOURCE: Zikmund, W.G., & Babin, B.J. (2010). *Exploring marketing research* (10th ed.) [p. 90]. Mason, OH: South-Western Cengage Learning.

33. C

A marketer tells a customer that s/he is conducting research, and then begins a sales pitch. SUGGING is an acronym for "selling under the guise of research." SUGGING is an unethical practice in which a marketer pretends to conduct research, but, in fact, is really attempting to sell a good or service to a consumer. SUGGING is deceptive and rarely facilitates a long-term selling relationship. It also harms the integrity of the general marketing-research field because potential respondents who have been subjected to SUGGING are less likely to trust researchers and are likely to question their true motives. A telemarketer who asks a person if s/he knows anyone who might buy a certain product is trying to obtain a referral. Sending samples to consumers is a promotional technique. A salesperson providing a customer the opportunity to try a product for a certain period of time is implementing a strategy to make a sale.

SOURCE: IM:419

SOURCE: Marketing Research Association. (n.d.). *Challenges to the marketing research industry*. Retrieved January 25, 2010, from <http://www.mra-net.org/media/index.cfm?ID=challenge>

34. A

Sales report. Marketing-research data are available from many sources, including those that are collected for other purposes. This type of information is secondary data. Secondary data are available outside the company from sources such as trade journals, government web sites, and magazine articles. A business can also obtain useful secondary data that are generated within the organization. Examples of this type of information include sales reports, budgets, customer profiles, and annual reports.

SOURCE: IM:281

SOURCE: Etzel, M.J., Walker, B.J., & Stanton, W.J. (2007). *Marketing* (14<sup>th</sup> ed.) [pp. 180-181]. Boston: McGraw-Hill/Irwin.

35. D

Losing market share. Marketing research is the systematic gathering, recording and analyzing of data about a specific issue, situation, or concern. Marketers often conduct marketing research when they want to determine why problems are occurring, such as market-share loss. Market-share loss is a problem because it usually indicates that the business is selling less and losing profits. In other situations, the business wants to obtain information about competitors, new products, new market opportunities, or economic conditions (e.g., inflation), which are not always problems for the business.

SOURCE: IM:282

SOURCE: Shao, A. (2002). *Marketing research: An aid to decision making* (2nd ed.) [pp. 36-38]. Mason, OH: South-Western.

36. D

Conducting exploratory research. Exploratory research is marketing research that collects information to help the business define its issue, situation, or concern and decide which direction to go in order to address it. For example, a business experiencing a drop in sales might conduct exploratory research to determine why it is happening. It might form a plan of action to figure out whether the problem involves customer-service issues, lack of promotion, lack of salesperson knowledge, product quality, etc. After the business decides to conduct exploratory research, it can determine the types of primary and/or secondary information that it needs, which may include formatting any necessary surveys and developing a framework for sampling.

SOURCE: IM:284

SOURCE: Zikmund, W.G., & Babin, B.J. (2010). *Exploring marketing research* (10th ed.) [pp. 50-51, 60]. Mason, OH: South-Western Cengage Learning.

37. A

The size of the group it intends to survey. A sampling plan is the course of action or blueprint for gathering marketing information from a section of a target market. When a business designs its sampling plan, it must determine the size of the group that it intends to survey and the process that it intends to use to select the participants. Researchers determine the validity of the data after coding and analyzing it, which can only occur after the sample group has been selected and surveyed. Researchers usually assign response codes during the survey-development process. Predicting the sample group's responses is not a necessary action to take when a business develops a sampling plan.

SOURCE: IM:285

SOURCE: Solomon, M. R., Marshall, G. W., & Stuart, E. W. (2008). *Marketing: Real people, real choices* (5<sup>th</sup> ed.) [pp. 114,125]. Upper Saddle River, NJ: Pearson Prentice Hall.

38. A

Volume-tracking scanner. A scanner is an electronic device that reads or translates codes that are placed on products and enters the product information into a computer. Scanners are commonly used during a sales transaction, which is the point of purchase. This is a popular method of collecting information about customers' buying habits and inventory status because the scanning system can track large volumes of goods. Once enough data are collected, researchers evaluate the data to determine how fast or slow certain products are moving, which is information they can use to make business decisions. Photographic scanners, e-mail surveys, and statistical surveys are not data-collection methods that researchers use during the point-of-purchase process.

SOURCE: IM:289

SOURCE: Zikmund, W.G., & Babin, B.J. (2010). *Exploring marketing research* (10th ed.) [pp. 256-257]. Mason, OH: South-Western Cengage Learning.

39. C

Video camera. Direct-observation research is a type of marketing research that involves watching customers' in real time to assess their behaviors. For example, a business may want to watch its customers' shopping habits and browsing patterns to determine if the business is merchandising its products effectively. The business may have a researcher use a video camera to record the customers' behavior so that the researcher can review it later in detail. A global-orientation system, a fax machine, and a computer-disk player are not direct-observation methods that researchers use to collect data in a neutral way.

SOURCE: IM:418

SOURCE: Shao, A. (2002). *Marketing research: An aid to decision making* (2nd ed.) [pp. 164-170]. Mason, OH: South-Western.

40. D

Range. Range is the distance between the smallest and largest value in a set of responses. Thirty-five dozen was the smallest number of red roses sold during a week, and 50 dozen was the largest number. An average (mean) is the sum of all of the responses divided by the number of options provided. The median is the middle value of the established sample criteria; half of the data or responses are below the median (numerical) value, and half of the responses are above the median (numerical) value. Mode is the most common value in a set of responses to a question.

SOURCE: IM:191

SOURCE: Zikmund, W.G., & Babin, B.J. (2010). *Exploring marketing research* (10<sup>th</sup> ed.) [pp. 444-446]. Mason, OH: South-Western Cengage Learning.

41. C

What is the purpose of the research? An important aspect of the marketing-research brief is to present an overview of the proposed research project. A good marketing-research brief should define the problem or issue and state the objectives of the research project. The brief should also suggest ways to approach the research process and identify appropriate methods to use to obtain the desired information. The marketing-research brief is a way to ensure that the researcher and others (e.g., clients, decision makers) who are involved in the process agree on the purpose and format of the research project. Questions about decreasing sales and new-market entry may or may not be reasons for conducting the research. Questions about achieving the desired outcome cannot be answered until the marketing-research project has been completed.

SOURCE: IM:290

SOURCE: Webb, J. (2002). *Understanding and designing marketing research* (2nd ed.) [pp. 17, 27, 209]. London: Thomson Learning.

42. D

Recording. Errors can occur at any stage during the marketing-research process. When a researcher transposes numbers while transferring information from surveys or other research documentation into a computer spreadsheet or in a written document, it is a recording error. The example does not present a measurement, sampling, or response error.

SOURCE: IM:292

SOURCE: Hair, J.F., Bush, R.P., & Ortinau, D.J. (2009). *Marketing research in a digital information environment* (4th ed.) [p. 456]. New York: McGraw-Hill Irwin.

43. C

Simple words without jargon. Wording is an important consideration when developing a survey. To obtain objective, honest answers, respondents must be able to understand the questions. This requires the use of simple and clear (not vague) wording so respondents are not confused when they read the questions. Jargon is technical language, which may confuse respondents. Surveys should not contain words with dual meanings because these words may confuse respondents, too.

SOURCE: IM:293

SOURCE: Zikmund, W.G., & Babin, B. (2010). *Essentials of marketing research* (4th ed.) [p. 276]. Mason, OH: South-Western Cengage Learning.

44. D

Discussion relevance. A focus group is a group that gathers to discuss a specific topic. Businesses often hold focus groups to obtain marketing information about their goods and services. When a business holds a focus group, it is collecting marketing information about a specific topic, which makes it primary research data for the business. Because the business is collecting the information for a specific purpose, the data are relevant to the business. Weaknesses or disadvantages for businesses that hold focus groups are that they can be expensive and can take a lot of time to prepare for. And, sometimes, the focus-group moderator projects a bias, which hurts the objectivity of the research.

SOURCE: IM:294

SOURCE: Shao, A. (2002). *Marketing research: An aid to decision making* (2nd ed.) [pp. 150, 153-160]. Mason, OH: South-Western.

45. A

A company that uses out-of-date research data may make poor business decisions. For example, suppose a business obtains older research stating that a large segment of the market wants product X. The business develops and markets product X, but the good or service doesn't sell because circumstances in the marketplace have changed. The business stands to lose a lot of money because it did not use current research data to make its decision to proceed with producing and marketing product X. Information may be timely or up-to-date, but it doesn't always relate to the business's problem or situation at hand. Information that a business obtains from online sources is not always accurate or correct. Older information that is obtained from secondary sources may be credible, if circumstances have not changed.

SOURCE: IM:295

SOURCE: Zikmund, W.G., & Babin, B.J. (2010). *Exploring marketing research* (10<sup>th</sup> ed.) [p. 29]. Mason, OH: South-Western Cengage Learning.

46. C

Internet survey. A survey is a marketing-research method that involves asking customers questions to learn their opinions and the reasons behind those opinions. For example, a business might obtain marketing information from its customers because it wants to determine their levels of satisfaction during their last encounters with the business. The business might e-mail a short, easy survey to its customers within 24 hours of their last business encounter. Because the survey is short and the encounter is fresh in the customer's mind, the customer is more likely to respond to the survey. The Internet is a quick, easy, cost-effective method for collecting this type of information. Face-to-face interviews and test marketing, which are types of field experiments, are often expensive, time-consuming methods for collecting marketing information.

SOURCE: IM:296

SOURCE: Etzel, M.J., Walker, B.J., & Stanton, W.J. (2007). *Marketing* (14th ed.) [pp. 184-187]. Boston: McGraw-Hill/Irwin.

47. D

Pricing. Marketing functions are interrelated activities that work together to get goods and services from producers to consumers. Pricing is the marketing function that involves determining and adjusting prices to maximize return and meet customers' perceptions of value. If customers believe that the product's value is worth the price, then the product is likely to sell well. If the product sells well, then the business earns revenue and a profit. Promotion is a marketing function that communicates information about goods, services, images, and/or ideas to achieve a desired outcome. Product/Service management is the marketing function that involves obtaining, developing, maintaining, and improving a product or service mix in response to market opportunities. Channel management is the marketing function that involves the processes by which marketers ensure that products are distributed to customers efficiently and effectively.

SOURCE: MK:002

SOURCE: MK LAP 1—Work the Big Six (Marketing Functions)

48. C

Product. The marketing mix is made up of a distinct blend of marketing elements—product, place, promotion, and price. The business must first determine the products that it wants to sell, which may include specific brands and support services (e.g., warranties, maintenance). Price is the marketing-mix element that involves determining the amount of money to ask in exchange for the business's products. The place element of the marketing mix focuses on the distribution of the products—getting the product to the right place at the right time. The promotion element of the marketing mix involves the use of various forms of communication to inform, persuade, or remind customers about the business's goods and services.

SOURCE: MP:001

SOURCE: IM LAP 7—Pick the Mix (Marketing Strategies)

49. C

Demographics. Demographics are the physical and social characteristics of the population. A business that segments the market on the basis of demographics considers factors such as the age, gender, and ethnicity of the population. Psychographic segmentation is the division of a market on the basis of consumers' lifestyles and personalities, which are influenced by their behavior. Geographic segmentation involves dividing a market on the basis of location (e.g., zip code).

SOURCE: MP:003

SOURCE: IM LAP 9—Have We Met? (Market Identification)

50. D

SWOT analysis. A marketing plan is a set of procedures or strategies for attracting the target customer to a business. A component of the marketing plan is the SWOT analysis, which describes the businesses strengths, weaknesses, opportunities, and threats. Because Maria is describing one of her business's strengths (highly creative and flexible staff) and one of her business's weaknesses (lack of financial resources), she is working on the SWOT analysis. The promotional plan is the set of procedures or strategies for the business's promotional efforts. The marketing mix is the four elements of marketing—product, place, promotion, and price. A financial statement is a summary of accounting information.

SOURCE: MP:007

SOURCE: Solomon, M. R., Marshall, G. W., & Stuart, E. W. (2008). *Marketing: Real people, real choices* (5<sup>th</sup> ed.) [pp. 544, 548-549]. Upper Saddle River, NJ: Pearson Prentice Hall.

51. C

Rising inflation rate. A situation analysis is a determination of a company's current business situation and the direction in which the company is headed. When a company conducts a situation analysis, it evaluates many internal and external factors. Some external factors that a company evaluates are the economic indicators that affect the overall health of the economy, such as the interest rates, the unemployment rate, and the inflation rate. Inflation is the rapid rise in prices. Rising inflation is a threat to a company because customers have less money to spend on the company's products, which can negatively impact its sales. In addition, the company may also need to spend more money for raw materials, which can lower the company's profitability. When interest rates fall, customers are more likely to use credit or obtain loans to purchase goods and services, which may benefit the company. Likewise, an increase in GDP and a decline in unemployment indicate a strong economy in which customers are spending their money, which may positively impact on the company's sales.

SOURCE: MP:008

SOURCE: Soloman, M. R., Marshall, G. W., & Stuart, E. W. (2008). *Marketing: Real people, real choices* (5th ed.) [pp. 43-44]. Upper Saddle River, NJ: Pearson Prentice Hall.

52. A

A business is planning to sell out to another company. When businesses merge or sell out to other companies, they need to provide records to prove their value to the other companies. Although businesses might retain documentation of employee anniversaries, press releases, and training plans, these records have less significance than records needed to provide proof of a business's income, expenses, and capital investments.

SOURCE: NF:081

SOURCE: Omar, S. (2004-2009). *What every small business owner should know about record retention*. Retrieved August 21, 2009, from <http://www.isnare.com/?aid=298230&ca=Business>

53. A

Usable, accurate, and retrievable. Companies use many sources of internal and external information to make decisions about their business activities. Effective information should be usable (applicable), accurate, and retrievable (accessible). Whether the information needs to be current, historical, organized, complete, simple, or complex depends on the type of information the company needs, and how the company intends to use the information. Making important business decisions based on superficial information could be costly to companies.

SOURCE: NF:110

SOURCE: NF LAP 3—In the Know (Nature of Information Management)

54. C

Multitasking. The computer's operating system consists of the components needed to run all of the computer applications and programs. When the operating system allows the user to open and use more than one software program at a time, it has multitasking abilities. An operating system that allows more than one user to access a particular program at one time has multi-user capabilities. An operating system that allows several central processing units (computers) to access a single program has multiprocessing capabilities. Multithreading capabilities allow different components of one computer program to run at the same time.

SOURCE: NF:085

SOURCE: Webopedia.com. (2009, October 25). *Operating system*. Retrieved January 25, 2010, from [http://www.webopedia.com/term/o/operating\\_system.html](http://www.webopedia.com/term/o/operating_system.html)

55. C

Autoresponder. Autoresponder is a computer program that automatically returns a specified message to anyone who e-mailed a particular address. The autoresponder function is a way for a business to quickly acknowledge the customer's message and to let him/her know that the company is going to take action within a certain timeframe. It is a way to provide customer service. Instant messaging is a computer program that allows one or more individuals to send typed messages via the computer in real time. Mechanical-reaction and timed reply are fictitious terms.

SOURCE: NF:004

SOURCE: PCMAG.com. (n.d.). *Autoresponder*. Retrieved December 22, 2009, from [http://www.pcmag.com/encyclopedia\\_term/0,2542,t=autoresponder&i=38273,00.asp](http://www.pcmag.com/encyclopedia_term/0,2542,t=autoresponder&i=38273,00.asp)

56. A

Establishing efficient processes. Operations management is the process of planning, controlling, and monitoring the day-to-day activities required for continued business function. To keep the business running smoothly and effectively, the operations function makes sure that employees are ordering goods for resale or manufacturing and developing quality goods and services in the most efficient ways possible. To work efficiently, the operations function establishes processes or steps to help improve productivity and reduce waste. Locating potential customers is a marketing activity. Providing access to information is an information-management activity. Hiring qualified employees is a human resources activity.

SOURCE: OP:189

SOURCE: OP LAP 3—Smooth Operations (The Nature of Operations)

57. C

Discourages attempted burglaries. When would-be burglars see surveillance cameras in several locations around a business, they are less likely to attempt a break-in because they will be video-taped or photographed by the cameras. And when the burglars' actions are taped, law enforcement agencies are more likely to identify and arrest them. Although surveillance cameras don't prevent all burglaries or robberies, they can often deter these activities. Most businesses use a combination of security measures to secure their facilities, including door and window locks and different types of alarm systems. Businesses need and use different types of alarm systems, such as fire alarms or smoke detectors, which are often required by law. Therefore, the use of surveillance cameras does not eliminate the need for alarm systems. Extortion is blackmail and is considered a nonviolent form of deception (white-collar crime).

SOURCE: OP:013

SOURCE: Kimiecik, R. C., & Thomas, C. (2006). *Loss prevention in the retail business* (p. 56). Hoboken, NJ: John Wiley & Sons.

58. D

Tangible. Many types of resources—human, materials, time, money—are needed to complete projects. Tangible resources are those that can be touched, smelled, tasted, seen, or heard. Office supplies, computers, steel, and signage are tangible items because they can be seen and touched. Perishable goods (e.g., various foods) are items that are capable of spoiling, decaying and dying. Donated resources are contributed or given by others. There is not enough information to determine if the goods in the example are donated items. Often, projects require support services. These are technical or complicated activities the project members cannot do themselves.

SOURCE: OP:003

SOURCE: QS LAP 19—Get What You Need

59. B

Order accuracy. Businesses evaluate their vendors' strengths and weaknesses to determine if changes should be made. One factor that businesses evaluate is the accuracy of a vendor's orders. If the vendor consistently sends incorrect items, the business can work with the vendor to correct the problems, or it can decide to terminate the relationship with the vendor. Other considerations might include invoice accuracy, order lead-time, and delivery time. The business does not usually evaluate the vendor's business plan, invoice numbers, or accounting methods.

SOURCE: OP:162

SOURCE: Monczka, R.M., Handfield, R.B., Giunipero, L.C., & Patterson, J.L. (2009). *Purchasing and supply chain management* (4th ed.) [pp. 308-310, 338]. South-Western Cengage Learning.

60. A

Obtaining the necessary resources. Production is the process or activity of producing goods and services. Businesses must obtain the appropriate resources—skilled workers, raw materials, inventory, supplies, and equipment—to produce the business's goods and services. Scheduling a sales promotion is a promotional activity. Identifying financing options is a finance activity. Developing compensation policies is a human-resources activity.

SOURCE: OP:017

SOURCE: BA LAP 1—The Nature of Production

61. B  
Dark pantsuit, blouse, and low-heel shoes. Because a chamber-of-commerce luncheon is a business function, Julianne should wear conservative business apparel. A dark pantsuit, blouse, and low-heel shoes (e.g., pumps) are appropriate clothing choices for business functions. Short skirts, bold or colorful blouses, sandals, casual pants, t-shirts, and athletic shoes are too casual for the event. A black, sequin dress; short jacket; and high-heel shoes are appropriate clothing options for formal evening events.  
SOURCE: PD:002  
SOURCE: PD LAP 5—Brand ME! (Maintain Personal Appearance)
62. A  
Identify and check your assumptions. An assumption is a thought or idea that you presume (take for granted) is true. In some situations, a person makes incorrect assumptions. For example, a supervisor may assume that an employee has completed a task by the deadline. The supervisor makes this assumption because the employee has completed tasks by the given deadlines in the past. The supervisor's assumption is based on his/her experience. However, the employee experienced a computer problem, which prevented her/him from completing the task by deadline. So in this particular situation, the supervisor's assumption was incorrect. Therefore, when you are solving problems, it is important to make sure that you have all of the correct information available and that you look at situations and issues objectively. After collecting all of the necessary information and checking assumptions, you can brainstorm solutions and determine the best solution to implement. The nature of the problem depends on whether or not you need to ask for input from your peers.  
SOURCE: PD:077  
SOURCE: IS LAP 2—No Problem (Problem Solving)
63. D  
Joining a professional organization. A professional organization is a group of persons in the same profession who form a society to further their common interests. By joining a professional organization, a businessperson has the opportunity to meet others who work in the same field or industry. When a businessperson talks or networks with other businesspeople about topics such as career-development activities or job leads, s/he is taking steps to advance his/her career. Participating in an online social network, developing a creative résumé and cover letter, and planning a meeting with a sales trainer do not necessarily provide a businessperson with work-related networking opportunities.  
SOURCE: PD:037  
SOURCE: Ingram, T.N., LaForge, R.W., Avila, R.A., Schweper, C.H., & Williams, M.R. (2001). *Professional selling: A trust-based approach* (p. 156). Mason, OH: South-Western.
64. D  
Internship. Internships involve training in which schools and businesses cooperate to provide on-the-job practice for learners. In the example, the XYZ University arranged for a student to work for a local business for a certain period of time. Internships may be paid or non-paid positions, and sometimes lead to permanent, paid positions after the students graduate. A mentor is an experienced worker who acts as a guide to a less-experienced worker. Temporary employment involves being paid to perform work for a limited time. There is not enough information provided to determine if Desmond was paid for his internship.  
SOURCE: PD:032  
SOURCE: Kimbrell, G., & Vineyard, B.S. (2006). *Succeeding in the world of work* (pp. 54-55, 200). New York: Glencoe/McGraw-Hill.
65. C  
Poor image. Price gouging is a pricing practice that involves raising prices above market value when demand is high, and no alternative is available to consumers. A business that temporarily increases prices for goods (e.g., lumber, milk, medicine) during a crisis is behaving in an unethical and, in many jurisdictions, an illegal manner. When a business engages in price gouging activities, it runs the risk of losing credibility with the public, which can result in a poor image or damaged reputation. When a business has a poor public image, its customers often begin to buy products from the business's competitors, which can reduce the business's sales and profits.  
SOURCE: PI:015  
SOURCE: Farese, L. S., Kimbrell, G., & Woloszyk, C. A. (2009). *Marketing essentials* (pp. 139-140, 537). Woodland Hills, CA: Glencoe/McGraw-Hill.

66. A

Cardholders receive better discounts on certain products than non-cardholders. Many businesses (e.g., grocers) have implemented frequent-shopper programs to encourage repeat sales and build customer loyalty. Many businesses use a computer-coded card that the customer or cashier scans at the point-of-sale. This provides the cardholder with special or better discounts than non-cardholders; therefore, the prices that cardholders pay for many products are less than the prices that non-cardholders pay. Non-cardholders are not charged service fees to obtain lower prices. Some frequent-shopper programs often use reward points or a combination of reward points and price discounts for cardholders. Frequent-shopper cards are an incentive for customers to continue buying from the business offering the program rather than its competitors.

SOURCE: PI:016

SOURCE: Wikipedia. (2009). *Loyalty program*. Retrieved December 2, 2009, from [http://en.wikipedia.org/wiki/Loyalty\\_program](http://en.wikipedia.org/wiki/Loyalty_program)

67. B

Scanner fraud. Some pricing errors in business computer systems are honest mistakes. There are, however, businesses that do not change the original prices to sale prices in their computers on purpose, hoping that customers will not notice at checkout. This activity is scanner fraud, and it is a deceptive advertising practice. Many governments have regulations in place to protect consumers against this deceptive practice. Price discrimination is an illegal activity in which a business charges different customers different prices for similar amounts and types of products. Collusion (price fixing) is an illegal business agreement in which businesses agree on prices of their goods or services, resulting in little choice for the consumer. Dumping is a practice that involves selling products for lower prices in foreign markets. Many countries have anti-dumping regulations.

SOURCE: PI:017

SOURCE: Kotler, P., & Armstrong, G. (2008). *Principles of marketing* (12<sup>th</sup> ed.) [pp. 326-327]. Upper Saddle River, NJ: Prentice-Hall.

68. C

Maturity. The product life cycle is the stages through which goods and services move from the time they are introduced on the market until they are taken off the market. When a product reaches its maturity stage, it has been in the market for a while. During this stage, sales tend to peak, and then increase at a slower rate or start to decline. Because sales tend to slow, the business is likely to price the product to maintain market share—it might even need to reduce the price. By reducing the price, the business's profit margins tend to narrow. If the business maintains the product's pricing, and sales start to slow or decline, the profit margins will also narrow. During the introduction stage of the product's life cycle, the business may not make any profit because it is trying to recoup its research and development costs. During the growth stage, the business is likely to see profits increase and peak. During the decline stage, profit margins are likely to start declining rapidly.

SOURCE: PM:024

SOURCE: Solomon, M. R., Marshall, G. W., & Stuart, E. W. (2008). *Marketing: Real people, real choices* (5<sup>th</sup> ed.) [pp. 281-284]. Upper Saddle River, NJ: Pearson Prentice Hall.

69. C

Manage product availability. An electronic data interchange (EDI) system allows a company to monitor its inventory and order products through a computer connection that it shares with its vendors. An EDI system helps a company monitor its inventory to ensure that enough products are available when and where they are needed. An EDI system does not facilitate a company's ability to improve product durability, test product quality, or develop new products.

SOURCE: PM:039

SOURCE: Farese, L. S., Kimbrell, G., & Woloszyk, C. A. (2009). *Marketing essentials* (p. 510). Woodland Hills, CA: Glencoe/McGraw-Hill.

70. D

The Simpson Company embellishes the information that it places on its product labels. When a company embellishes information on product labels, it is exaggerating the attributes or performance of the product. This is unethical behavior because the company is misleading customers. If the company misleads its customers, the customers may use the product inappropriately, which may harm them or others. Using recyclable materials for product packaging and discontinuing the production of a slow-moving item are ethical actions. There is not enough information provided to determine if the dress boutique is obtaining vendor discounts.

SOURCE: PM:040

SOURCE: Farese, L. S., Kimbrell, G., & Woloszyk, C. A. (2009). *Marketing essentials* (pp. 662-666). Woodland Hills, CA: Glencoe/McGraw-Hill.

71. B

Demographic changes. A product opportunity is a favorable circumstance that presents itself to provide a good or service that people are willing to buy. Individuals often discover product opportunities by simply being aware of changes that are occurring around them. Demographics are the physical and social characteristics of the population. Age is a demographic characteristic of the population or market segment. As a segment of the population ages, its wants and needs change. When an individual recognizes physical and social changes, s/he has identified a product opportunity due to demographic shifts. Personal attitudes are psychographic factors. Psychographics are a market segment's shared attitudes, opinions, and values. Geographic limitations relate to a specific location or region such as hilliness or a lack of water. Economic resources are the human and natural resources and capital goods used to produce goods and services.

SOURCE: PM:134

SOURCE: Meyer, E.C., & Allen, K.R. (2006). *Entrepreneurship and small business management* (pp. 52-54). New York: Glencoe/McGraw-Hill.

72. A

Six Thinking Hats. Six Thinking Hats is a creative-thinking technique that involves categorizing and focusing on different aspects of a problem, issue, or situation. Each "hat" represents one aspect or way (i.e., facts, positives, negatives, emotions, new ideas, organization) of looking at the situation. Brainstorming involves identifying as many different ideas as possible during a set time frame. Mind mapping is a form of brainstorming that organizes ideas and information graphically using shapes, pictures, and words. Unconscious problem solving involves relaxation and distraction from the product, situation, or issue.

SOURCE: PM:127

SOURCE: PM LAP 11—Unleash Your Oh! Zone (Generate Product Ideas)

73. A

Product modification. Businesses generate product ideas in many ways. Product modification involves changing one or more of an existing product's attributes to improve its appearance, durability, or performance. By changing a product's attributes, a business may attract a new market or extend the product's life cycle. The example does not indicate that the company's research and development team examined competitors' products or used customers' suggestions to generate ideas to improve or change the product. Product placement is a type of promotional media that uses products as props.

SOURCE: PM:128

SOURCE: Business Owner's Toolkit. (n.d.). *Generating new product ideas*. Retrieved November 24, 2009, from [http://www.toolkit.com/small\\_business\\_guide/sbg.aspx?nid=P03\\_4008](http://www.toolkit.com/small_business_guide/sbg.aspx?nid=P03_4008)

74. C

Assign product grades. Grading is the process of rating products according to certain established standards or characteristics. Grades help customers know to what extent the product meets certain standards. Depending on the product, the standards may relate to the product's appearance, safety, cost, etc. Cost standards are established specifications used to measure how much a project or product costs. Safety policies are procedures that employees follow in the workplace to reduce the risk of injury. Inventory systems are the ways in which a business tracks and manages its supplies and products.

SOURCE: PM:019

SOURCE: PM LAP 8—Grades and Standards

75. D

Customers are less likely to buy the individual items from competitors later. Product bundling involves combining two or more products and selling them for a single price. The selling price of the bundled products is set lower than the total price of the items if they were purchased separately. One advantage of bundling products is that the low price of multiple items often encourages customers to buy now. Even if the customers do not use all of the products right away, they can put them away and use them later when needed. Because the customers have the products in hand, they won't need to go out later—to a competitor—to purchase the product. Customers are not always satisfied with every item in a product bundle. Bundled products are not always discounted and do not always increase the business's profit margins. Product bundling does not always reduce a business's cash-flow problems.

SOURCE: PM:041

SOURCE: Kotler, P., & Armstrong, G. (2008). *Principles of marketing* (12<sup>th</sup> ed.) [p. 356]. Upper Saddle River, NJ: Prentice-Hall.

76. C

Competitive advantage. Competitive advantage is the edge achieved by a business that offers something better than its competitors. For example, one business might create a competitive advantage by providing a service that its competitors do not, such as same-day delivery or free installation. Another business might have a competitive advantage if it offers a product made with high-quality (superior) materials or rare resources. To create a competitive advantage, the business must communicate these unique attributes or benefits to customers. Touch points are all of the opportunities that a business has to connect with customers and reinforce its brand value. Touch points include the business's employees, web site, advertising, facilities, etc. If used appropriately, touch points can create a competitive advantage. Time utility is the usefulness created when products are made available at the time they are needed or wanted by customers.

SOURCE: PM:042

SOURCE: Solomon, M. R., Marshall, G. W., & Stuart, E. W. (2008). *Marketing: Real people, real choices* (5<sup>th</sup> ed.) [pp. 220-224]. Upper Saddle River, NJ: Pearson Prentice Hall.

77. B

Company web site, sales calls, and trade shows. A corporate brand is all of the combined impressions and experiences associated with a particular company. A successful corporate brand involves developing product and promotional mixes that communicate a desired image of the business. This communication occurs through a variety of touch points. Touch points are the opportunities that the business has to connect with customers and reinforce its brand. Some opportunities that the business has to communicate and reinforce the corporate brand are through the company's web site and during sales calls and trade shows. These opportunities involve the efforts of many of the company's employees, including the sales staff. Compensation policies, sales reports, and marketing audits are not target-market touch points.

SOURCE: PM:206

SOURCE: Brighter Naming. (n.d.). *Measuring your brand touch points*. Retrieved January 25, 2010, from [http://www.brighternaming.com/brand\\_touch\\_points.html](http://www.brighternaming.com/brand_touch_points.html)

78. B

Points of difference. Positioning refers to the ways in which a business creates a certain image or impression of itself in the minds of customers. A company evaluates many factors when it positions itself—its target market, its products, and its competitors. By evaluating its competitors, the company can determine ways in which it differs from other companies that provide similar products. By doing so, the business is determining its points of difference with other businesses. By knowing these points of difference, which include the competitors' strengths and weaknesses as well as its own, the business can determine how to set itself apart from the competition. Then, the business can use this information to position itself by emphasizing its uniqueness in comparison to its competitors. Profit margins, managerial styles, and support services might be points of difference.

SOURCE: PM:207

SOURCE: Kotler, P., & Lane, K. 2006). *Marketing management* (12th ed.) [pp. 312-313]. Upper Saddle River, NJ: Prentice Hall.

79. B

Fear-based. Fear-based advertising involves communicating nonpersonal promotional messages in ways that scare buyers into thinking that they need to purchase a product to stay healthy or safe. Many consumers, businesses, and government agencies believe that this type of emotional appeal is unethical behavior. Stereotyping is a set image or an assumption about a person or thing. Gender (male or female) bias is an opinion or judgment based on feelings about gender rather than fact. Puffery involves exaggerating a product's characteristics, benefits, or capabilities.

SOURCE: PR:099

SOURCE: Mayfield, Z. (2006, April 11). *Fear appeal messages and their effectiveness in advertising*. Retrieved January 25, 2010, from [http://www.associatedcontent.com/article/27813/fear\\_appeal\\_messages\\_and\\_their\\_effectiveness.html](http://www.associatedcontent.com/article/27813/fear_appeal_messages_and_their_effectiveness.html)

80. A

Media-rich advertising. As the growth of e-commerce continues, many businesses are increasing their use of Internet advertising to communicate promotional information. Media-rich advertisements use animation, sound, and video to send interactive promotional messages. Blogs are online diaries. Interstitials are Internet ads that appear on the computer screen between web-site page changes. Banner ads are Internet ads that appear across the middle, top, side, or bottom of a computer screen when the Internet user accesses a web page.

SOURCE: PR:100

SOURCE: Kotler, P., & Armstrong, G. (2008). *Principles of marketing* (12<sup>th</sup> ed.) [pp. 500-501]. Upper Saddle River, NJ: Prentice-Hall.

81. D

Telemarketing. Telemarketing is an advertising medium that utilizes telephone service to promote a product either by phoning prospective customers or providing a number for them to call. In the past few years, consumer groups have complained that telemarketing has become intrusive, so many governments have started to regulate telemarketing practices. Some governments have developed "do not call" laws. These laws allow consumers to register their phone numbers with a "do not call" registry. Qualifying businesses must obtain this list and not call consumers who have registered with the program. If they violate these laws, the businesses may be fined. "Do not call" laws do not regulate contests, Internet downloads, or direct mail.

SOURCE: PR:101

SOURCE: O'Guinn, T.C., Allen, C.T., & Semenik, R.J. (2009). *Advertising & integrated brand promotion* (5<sup>th</sup> ed.) [pp. 142-143]. Mason, OH: South-Western Cengage Learning.

82. D

Providing information to activists to share with others. Word-of-mouth promotion involves customers who tell others about their satisfaction with the business. Amplified word-of-mouth promotion involves the use of proactive efforts (campaigns) in which the business provides specific information to customers (activists) to pass along to their friends, family, and business contacts. On the other hand, organic word-of-mouth promotion occurs naturally. Because customers are satisfied with the business and its products, they tell others about this satisfaction in the course of normal conversation. For example, if a business shows a sincere interest in the customer by asking for feedback, taking actions to ensure customer loyalty, or improving products, the customer is likely to share those positive experiences with others.

SOURCE: PR:247

SOURCE: Digital Vibes. (2008, June 1). *Word of mouth: Organic or amplified*. Retrieved November 11, 2009, from <http://digitalvibes.wordpress.com/2008/06/01/word-of-mouth-101-organic-vs-amplified/>

83. A

Are sent to those who are mostly likely to buy. Direct marketing is an effort to obtain business by sending promotional information to customers directly in their businesses or homes. Primary direct marketing channels include postal mail, telephone, and electronic mail. The advantage to direct marketing is that the business can send promotional messages to the people who are most likely to buy their goods and services. This can save the business time and money because it is not wasting its resources by sending promotional information to people who would not buy its products. Direct marketing does not always enhance a business's credibility. In fact, a business that sends too many direct marketing messages may turn off a customer, thereby reducing the business's credibility. Some direct marketing materials can be very expensive to produce and mail to customers, which is a clear disadvantage of direct marketing. Direct marketing does not always provide customers with direct access to knowledgeable salespeople.

SOURCE: PR:089

SOURCE: Solomon, M. R., Marshall, G. W., & Stuart, E. W. (2008). *Marketing: Real people, real choices* (5<sup>th</sup> ed.) [p. 382]. Upper Saddle River, NJ: Pearson Prentice Hall.

84. B

Rebate. Sales-promotion techniques are activities other than advertising, selling, and personal selling that stimulate customer purchases. A rebate is a sales-promotion technique in which a business (manufacturer) returns part of the price that a customer (Ben) pays for a good (cellular telephone) or service. Rebates stimulate sales because customers want to receive money back for their purchases. Couponing involves the use of printed certificates that entitle the holder to a reduced purchase price. Coupons are generally processed at the point of sale. Sweepstakes involve a game of chance in which a customer wins a prize. A warranty is a promise made by the seller to the customer that the seller will repair or replace a product that does not perform as expected. A warranty is a benefit of purchase rather than a sales-promotion technique.

SOURCE: PR:249

SOURCE: Farese, L. S., Kimbrell, G., & Woloszyk, C. A. (2009). *Marketing essentials* (pp. 372, 555). Woodland Hills, CA: Glencoe/McGraw-Hill.

85. A

Newsletters, annual reports, and the company's web site. Public relations involves establishing good relationships between the business and the public. A business tries to maintain positive relationships with different groups that make up the public, such as employees, local businesses, government officials, the media, and the business's shareholders. Because the shareholders are the owners of the company, it is important to develop and maintain positive relationships with them. The public-relations department does this by communicating with them through newsletters, annual reports, the company's web site, and online social networks. Print advertisements and commercials are forms of nonpersonal advertising. Businesses use press releases and news conferences to convey information to the media. Policy manuals help guide employees' actions on the job. Consumer blogs can be developed by anyone to communicate positive and negative information about various goods and services. A sponsorship is a partnership in which a company pays a fee to affiliate itself with a team, league, or event.

SOURCE: PR:250

SOURCE: Solomon, M. R., Marshall, G. W., & Stuart, E. W. (2008). *Marketing: Real people, real choices* (5<sup>th</sup> ed.) [pp. 432-435]. Upper Saddle River, NJ: Pearson Prentice Hall.

86. A

Coordinate the advertisement's elements. To maximize an advertisement's impact, the four main elements of an advertisement should be coordinated. The advertisement's headline, illustration, copy, and signature should attract the reader's attention in a balanced, visually attractive, and clear way. The advertisement's elements should relate to one another to convey the ad's theme and reinforce the message. The font, amount of text and graphics, and the use of celebrity testimonials vary and depend on the ad's theme, the intended message, and the designer's style. Celebrities are in the news for both good and bad reasons. Insufficient information is provided to determine whether the business would want its brand associated with the celebrity. The use of a variety of fonts is not recommended since they detract from the advertisement's message.

SOURCE: PR:251

SOURCE: Clow, K.E., & Baack, D. (2010). *Integrated advertising, promotion, and marketing communications* (4<sup>th</sup> ed.) [pp. 121, 137]. Upper Saddle River, NJ: Prentice Hall.

87. B

Jana prepares a press release about her firm's new licensing agreement with a large company. The public-relations department is the area of the business that is responsible for establishing good relations between the business and the public. Public-relations staff members are responsible for developing and distributing press releases. Press releases include newsworthy information about the business and are provided to the media to obtain publicity. Businesses often distribute press releases to announce new products, employee promotions, mergers, awards, licensing agreements, etc. Sales promotion is a product-promotion activity. Calling on prospective customers to schedule product demonstrations is a sales activity. Reviewing an overdue-accounts report is an accounting activity.

SOURCE: PR:252

SOURCE: Arens, W.F. (2004). *Contemporary advertising* (9th ed.) [pp. 348-349]. Boston: Irwin/McGraw Hill.

88. A

Developing an employee newsletter. A business's public-relations efforts involve creating and maintaining goodwill between the business and the public. There are often many subgroups of the public with whom the business wants to maintain good relations, such as the customers, shareholders, local residents, community organizations, local businesses, local residents, and the business's own employees. The business's employees are part of the business's internal audience. Maintaining positive relationships with employees is important because employees are often customers who buy the business's products. They also talk to their friends and family about the business and its products. Therefore, it is important for a business's public-relations department to develop and implement public-relations activities that affect its employees. One activity that the public-relations staff members are often responsible for is developing the employee newsletter. The newsletter updates the employees about new products, community events, employee promotions, awards, etc. Press conferences, press releases, and charity donations are activities that involve informing the business's external audiences about the business's activities.

SOURCE: PR:253

SOURCE: Arens, W.F. (2004). *Contemporary advertising* (9th ed.) [pp. 348-350]. Boston: Irwin/McGraw Hill.

89. A

Holding product demonstrations. A trade show is an event where businesses communicate information about products to build sales leads and interest. Trade-show participation is a way for businesses to communicate with the individuals or businesses most likely to buy the business's products. When a business's salesperson demonstrates the product, trade-show attendees see the product's attributes and how it works. In some demonstrations, the show attendees often have an opportunity to try the product themselves. Businesses send direct mail to their customers' homes and businesses. A billboard is a form of outdoor advertising. Direct mail and billboards are not the most appropriate ways to communicate at a trade show. A contest is a sales promotion activity that offers a prize or award. Holding a contest, rather than developing one, is a good way to draw attendees to a trade-show booth, so the business can communicate information about its products.

SOURCE: PR:254

SOURCE: O'Guinn, T.C., Allen, C.T., & Semenik, R.J. (2009). *Advertising & integrated brand promotion* (5th ed.) [p. 579]. Mason, OH: South-Western Cengage Learning.

90. C

Number of expected visitors. Trade shows are events where businesses display and/or demonstrate their products to build sales leads and interest. A business considers many factors when deciding to participate in a particular trade show. Some factors that businesses consider are the trade-show location, travel and hotel expenses, booth costs, target audience, and the number of expected visitors. If the number of expected visitors is low and the show takes place in a distant location, the costs of participation may not be feasible. Operating policies, inventory levels, and the costs of buying food at concession stands are not primary factors that a business considers when deciding if it should participate in a trade show.

SOURCE: PR:255

SOURCE: Clow, K.E., & Baack, D. (2010). *Integrated advertising, promotion, and marketing communications* (4th ed.) [pp. 345-346]. Upper Saddle River, NJ: Prentice Hall.

91. C

Budget. The promotional plan is the framework for the promotional activities of a business. An important element of the promotional plan is the budget. A budget is an estimate of what income and expenses will be for a specific timeframe or for a specific project. A budget is an important tool that helps a business allocate money and monitor spending. The executive summary is an overview of the plan. The strategy section of the promotional plan provides information about the specific activities that the business will use to accomplish its promotional goals. A situation analysis is a determination of a firm's current business situation and the direction in which the business is headed.

SOURCE: PR:073

SOURCE: Burrow, J.L. (2006). *Marketing: Instructor's wraparound edition* (2nd ed.) [pp. 418-420]. Mason, OH: Thomson/South-Western.

92. B

Offering training programs and providing technical support. Providing quality customer service after the sale helps to reinforce the customer's buying decision and often leads to repeat sales. Offering training programs and providing technical support are two ways in which a business can provide customer service after the sale. Arranging financing, suggestion selling, providing product information, checking inventory, and advertising are actions that businesses take before the sales transaction occurs. Generating referrals is a way for salespeople to increase their clientele rather than providing customer service after the sale.

SOURCE: SE:076

SOURCE: SE LAP 130—Go Beyond the Sale (Customer Service in Selling)

93. D

Ensure that all customers are treated fairly. Selling policies are the general rules established by management to guide the personal selling effort and outline how things must be done. Selling policies are beneficial to customers because they ensure that all customers receive fair and equitable treatment. Although some businesses offer credit options, not all businesses do. If credit requirements are too rigid, then they are not beneficial to many customers. A disadvantage to salespeople of selling policies occurs when the policies are rigid and inflexible, which can restrict the salesperson's authority, which in turn can negatively affect a customer's experience with the business. Selling policies that maximize profitability and help achieve sales goals are advantages to the business rather than to the customers.

SOURCE: SE:932

SOURCE: Levy, M., & Weitz, B. A. (2007). *Retailing management* (6th ed.) [pp. 251-252, 262]. Boston: McGraw-Hill/Irwin.

94. C

Entertainment guidelines. During the selling process, salespeople often encounter situations that are not clearly right or wrong. Salespeople tend to judge these situations differently—according to their personal code of ethics. One of the “questionable” situations that salespeople might encounter involves entertaining customers. While some businesses view entertainment as a way to build positive customer relationships, others view it as favoritism or bribery. By developing entertainment guidelines for their salespeople, businesses can clearly communicate acceptable and unacceptable entertainment activities. A promotional budget is a forecast of the money that the business plans to spend on promoting its goods and services during a certain timeframe. Diversity training manuals are designed to help employees understand diversity issues in the workplace. Product delivery policies are the business's guidelines for delivering products to its customers.

SOURCE: SE:106

SOURCE: SE LAP 129—Keep It Real—in Sales (Selling Ethics)

95. B

Review the prospective client's web site. Salespeople can learn a lot about their prospective clients by reviewing their web sites. Salespeople can obtain historical data about the business, find information about the products it offers, determine its target market, and its business philosophy. This type of information helps salespeople prepare presentations that will appeal to the business. The prospective clients' vendors and employees may not be willing to share information with salespeople. Because the Intranet is the business's internal computer network, the salesperson is not likely to obtain access to it.

SOURCE: SE:107

SOURCE: Spiro, R.L., Rich, G.A., & Stanton, W.J. (2008). *Management of a sales force* (12<sup>th</sup> ed.) [pp. 69-70]. New York: McGraw-Hill Irwin.

96. C  
Misrepresentation. By omitting important facts about a product, the business is misrepresenting the product and misleading consumers, which is illegal in many countries. Businesses that misrepresent their products often face lawsuits and fines. When a business overstates the capabilities of a product, it is exaggeration. Branding is the process of creating certain images about a product or business in the minds of consumers. In a sponsorship agreement, exclusivity is the sponsor's privilege of being the only company in its particular category of goods or services.  
SOURCE: SE:108  
SOURCE: Spiro, R.L., Rich, G.A., & Stanton, W.J. (2008). *Management of a sales force* (12<sup>th</sup> ed.) [pp. 493-496]. New York: McGraw-Hill Irwin.
97. B  
The manufacturer's product literature. The most reliable source of information about a new product comes from the manufacturer. A salesperson can obtain accurate warranty information, product specifications, and operating instructions from the manufacturer's web site or printed materials. Branson's advertisement and the display model may not contain information about the product's warranty. Salespeople might contact customers who already own the product to find out how the customers like or use the product, but they wouldn't contact customers to obtain warranty information.  
SOURCE: SE:109  
SOURCE: SE LAP 113—Find Features, Boost Benefits (Feature-Benefit Selling)
98. A  
Putting the customer at ease. To sell effectively, the salesperson must first take steps to put the customer at ease. Offering prompt assistance and being friendly and approachable are ways in which the salesperson can make the customer feel comfortable to discuss his/her product needs. After putting the customer at ease, the salesperson can determine the customer's needs, recommend a product, describe the product's benefits, and ask for the sale. Complementary items are goods that go with the primary product. A salesperson would recommend complementary items after the customer makes the decision to buy the primary product.  
SOURCE: SE:048  
SOURCE: Farese, L. S., Kimbrell, G., & Woloszyk, C. A. (2009). *Marketing essentials* (pp. 321-323). Woodland Hills, CA: Glencoe/McGraw-Hill.
99. C  
Esteem. Maslow's Hierarchy of Needs Theory states that motivation is related to five levels of needs. The basic needs must first be met before a person is motivated to fulfill the next level of needs. Physiological needs are the first level and involve obtaining the most basic needs—food, shelter, and clothing. The next level involves meeting safety needs. Esteem needs, which are the level of needs after social needs, involve obtaining goods and services that provide the buyer with status and recognition. For example, esteem needs motivate a person to buy a designer handbag or sports car. Self-actualization needs are related to a person's self-development and desire to accomplish a goal or meet a challenge.  
SOURCE: SE:359  
SOURCE: Spiro, R.L., Rich, G.A., & Stanton, W.J. (2008). *Management of a sales force* (12<sup>th</sup> ed.) [pp. 230-231]. New York: McGraw-Hill Irwin.
100. B  
First-line. First-line or supervisory managers work directly with the employees who carry out the business's routine work. First-line managers report to the mid-level managers. Mid-level managers are responsible for implementing the goals set by executive (top-level) managers, and are the link between supervisory and executive (top-level) managers. Mid-level managers report to the executive managers. Executive managers are responsible for the whole organization and spend most of their time setting organizational goals and conducting strategic planning. A regional manager manages employees in a specific location or region. Regional managers are usually considered mid-level managers.  
SOURCE: SM:001  
SOURCE: SM LAP 3—Manage This! (Concept of Management)