

# KEY

Test Number 985

## Marketing Management

This comprehensive exam was developed by the MarkED Resource Center. Items have been randomly selected from the MarkED Resource Center's Test-Item Bank and represent a variety of instructional areas. Competencies for this exam are at the prerequisite, career-sustaining, marketing specialist, marketing supervisor, and manager levels. A descriptive test key, including question sources and answer rationale, has been provided the state DECA advisor.

Copyright © 2009 by Marketing Education Resource Center®, Columbus, Ohio  
Each individual test item contained herein is the exclusive property of MarkED. Items are licensed only for use as configured within this exam, in its entirety. Use of individual items for any purpose other than as specifically authorized in writing by MarkED is prohibited. This exam, without modification, is licensed for one-time use on a date specified by the licensee (state DECA advisor or designee), on or before MARCH 31, 2009. Possession of this exam, without written authorization, under any other circumstances is a copyright violation. Report violations to MarkED at 800.448.0398.

1. D  
Sole proprietorship. A sole proprietorship is a form of business ownership in which the business is owned by one person. Sole proprietors finance their own businesses, run them, and are personally liable for all losses. A partnership is a form of business ownership in which the business is owned by two or more persons. A corporation is owned by stockholders, and a cooperative is owned by its members.  
SOURCE: BL:003  
SOURCE: BA LAP 7—Own It Your Way
2. D  
In other countries. Trade regulations are intended to protect the businesses in a country. As a result, they have a significant effect on the way that companies do business in other countries because those companies must abide by the trade regulations. For example, some regulations affect imports and the amount of import tax that is charged. Companies need to understand those regulations because they often add expense to doing business in other countries. Trade regulations do not have a significant effect on the way that companies do business with creditors, in local communities, or with competitors.  
SOURCE: BL:004  
SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2006). *Marketing essentials* (p. 84). New York: Glencoe/McGraw-Hill.
3. A  
Trucks. Many large chains, such as K mart, own fleets of trucks that they use to transport goods from one business site to another. Motorized carriers, such as trucks, are faster but more expensive to use than rail or water carriers. Even very large businesses do not own rail carriers. Cars are too small for use in transporting goods, and planes are too expensive to use on a regular basis.  
SOURCE: CM:001  
SOURCE: Farese, L. S., Kimbrell, G., & Woloszyk, C. A. (2009). *Marketing essentials* (p. 467). Woodland Hills, CA: Glencoe/McGraw-Hill.
4. A  
Improves cash flow. For many businesses, the distribution function is expensive to operate because it involves storing, processing, and transporting products. Oftentimes, businesses bill customers for the costs involved in distribution and then wait for payment. By using the technology of digital money, cash can be transferred electronically from the customer's account to the business's account. This improves cash flow because the business does not need to wait long periods of time for payment. It can receive cash instantly. The technology of digital money does not increase productivity, create virtual reality, or manage information.  
SOURCE: CM:004  
SOURCE: Coyle, J.J., Bardi, E.J., & Langley, C.J. (2003). *The management of business logistics: A supply chain perspective* (7th ed.) [pp. 586-588]. Mason, OH: South-Western.
5. D  
Creates an unequal opportunity to distribute products. Requiring manufacturers to pay slotting allowances might be considered unethical because small manufacturers that cannot afford to pay large slotting allowances do not have an equal opportunity to distribute their products. A slotting allowance is a cash premium that manufacturers pay to businesses to cover the costs involved in carrying a new product. In many cases, the cash premium is substantial because there is a lot of competition between manufacturers to encourage businesses to carry their products. Often, the manufacturer that offers the largest allowance is the one that gets shelf space for its new product. As a result, the small manufacturer is unable to get shelf space. Requiring manufacturers to pay slotting allowances does not promote cooperation in distribution channels, eliminate competition from the gray market, or restrict the amount of available commission.  
SOURCE: CM:006  
SOURCE: Boone, L.E., & Kurtz, D.L. (2002). *Contemporary marketing* (pp. 430-431). Mason, OH: South-Western.

6. D

Manufacturers and retailers. The channel of distribution performs all the functions required to move products from the producer to the consumer. Channel relations are economic in nature and are important to both the supplier and the retailer. Power for leadership and conflict has been the most common dimension of the struggle between the two groups. Retailers represent the means through which suppliers can get their product to the consumer, thus, making their relationship critical. Because retailers can buy lower cost imports, many are doing so. In the process, they gain power over the suppliers and can make even more demands on manufacturers; therefore, suppliers feel the impact of lost sales. Suppliers and customers, customers and retailers, and manufacturers and suppliers have not experienced decades of conflict.

SOURCE: CM:008

SOURCE: Dickerson, K.G. (1999). *Textiles and apparel in the global economy* (3rd ed.) [pp. 462-463]. Upper Saddle River, NJ: Prentice-Hall.

7. B

Transit time and reliability. The nature of the product should always be considered when selecting distribution channel members. For example, fresh produce are perishable goods with a limited life. Therefore, the supplier must consider the time it takes to arrive to the products' destination. The supplier needs a carrier that will get the products to the destination in a consistent manner, without extended delay or problems. Therefore, reliability is a factor that is also important to consider. Shipping costs are important factors for the supplier to consider. However, form utility would not be a primary factor. Form utility refers to the usefulness created by altering or changing the form or shape of a good to make it more useful to the consumer. Technological advancements can be considered; however, they are not usually a primary factor when determining transportation carriers. Understocks are inadequate amounts of stock on hand to meet consumers' needs.

SOURCE: CM:010

SOURCE: Coyle, J.J., Bardi, E.J., & Langley, C.J. (2003). *The management of business logistics: A supply chain perspective* (7th ed.) [p. 344]. Mason, OH: South-Western.

8. C

Stock turnover. A producer should periodically evaluate the channel members that it uses to move its goods and services through the distribution channel. By reviewing each channel member's performance, the producer can determine if there are inefficiencies in the system, and then take corrective action if necessary. One factor the producer might consider is stock turnover, or stockturn, which is the number of times stock is sold in a given period. If the producer finds that a distributor or retailer is moving stock slower than other distributors or retailers, it may take corrective action. The producer's corrective actions might include providing the channel member with more product training or ending the relationship with the channel member. Manufacturing costs, raw materials, and prime-lending rates are not primary factors that the producer uses to measure its channel members' performance.

SOURCE: CM:011

SOURCE: Kotler, P. (2000). *Marketing management* (10th ed.) [pp. 502-503]. Upper Saddle River, NJ: Prentice Hall.

9. A

Sharing a personal experience. Discussion tools for contributing in an open-minded way include: asking questions, building on someone else's comment, volunteering a new idea, pointing out missing information, and helping the group summarize what's been said. You may indeed share a personal experience, but it is not a discussion tool.

SOURCE: CO:053

SOURCE: QS LAP 29—Put In Your Two Cents

10. C

What management needs or wants to know. It is the responsibility of employees to provide management with information needed. The data requested should be gathered carefully and presented accurately without attempting to determine their effects. It is not possible to know in advance exactly how long a report will be. Employees who are skilled at preparing reports may be rewarded in some way for their efforts, but that should not be a consideration in carrying out an assignment.

SOURCE: CO:009

SOURCE: Bovée, C. L., & Thill, J. V. (2008). *Business communication today* (9th ed.) [pp. 396-397]. Upper Saddle River, NJ: Pearson Prentice Hall.

11. B

Saves time. An important benefit of providing employees with clear and precise instructions is that they are able to save time doing the job. Employees who understand what they are expected to do are able to spend less time performing the job tasks. They do not waste time asking questions, trying to decide what to do, or redoing tasks. Giving clear instructions tends to increase output. The process of giving directions is unrelated to rumors and feedback.

SOURCE: CO:139

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2006). *Marketing essentials* (pp. 184-187). New York: Glencoe/McGraw-Hill.

12. C

Controversial. Controversial issues usually take a long time to discuss because people have different opinions about them. Therefore, managers should schedule a discussion of controversial issues early in a staff meeting to allow employees adequate time for comments. Also, people are more alert and attentive early in a staff meeting, which will enable them to have more productive discussions. Routine, procedural, and standard issues can be handled quickly at any time during a staff meeting. Managers often schedule these issues last because they require the least amount of concentration.

SOURCE: CO:140

SOURCE: Locker, K.O. (2000). *Business and administrative communication* (5th ed.) [pp. 349-350]. Boston: Irwin/McGraw-Hill.

13. A

Inquiry. Customers often have questions about the proper use of certain products. Salespeople should possess adequate product knowledge in order to handle customers' inquiries. Salespeople who have the information to answer questions and explain how products are used often are able to sell those products to customers. An objection is a customer's reason for not buying. A complaint or protest is a customer's expression of dissatisfaction.

SOURCE: CR:006

SOURCE: Greene, C. (2000). *Selling: Business 2000* (pp. 80-81). Mason, OH: South-Western.

14. C

Impatient. Rich's customer is impatient. She's showing verbally that she does not want to wait in line. A domineering/superior customer talks down to you and gives you orders on how to do your job. An argumentative customer tries to pick a fight with you. A leave-me-alone customer does not want your advice or assistance even though you might be able to help.

SOURCE: CR:009

SOURCE: EI LAP 1—Making Mad Glad

15. A

Time. Time utility is usefulness created when products are made available at the time they are needed or wanted by consumers. Many customers want to buy winter holiday decorations in late autumn. Place utility is usefulness created by making goods and services available at the place (location) they are wanted or needed. Form utility is usefulness created by altering or changing the form or shape of a good to make it more useful to consumers. Possession utility is usefulness created when the ownership of a product is transferred from the seller to the user.

SOURCE: EC:004

SOURCE: EC LAP 13—Use It

16. D  
Increase. As prices increase, the quantity supplied will generally increase. Rising prices have the opposite effect on producers than on consumers. Increased prices will cause producers to increase supply, while consumers will demand less. Although the quantity supplied might vary, the trend with supply will be to increase as prices increase.  
SOURCE: EC:006  
SOURCE: EC LAP 12—Price
17. C  
Ownership of. Service businesses perform intangible activities and sell services rather than goods. If a service business uses a good to perform its service, the business usually does not transfer ownership of the good to customers. For example, hotels provide accommodations for travelers, but the travelers do not receive ownership of the room. Customers usually receive the benefits from, usefulness of, and information about the goods used to perform services.  
SOURCE: EC:070  
SOURCE: EC LAP 20—Business Connections (Business and Society)
18. A  
Poverty. Private enterprise is the most productive economic system the world has ever known, but it does have some disadvantages. Property and income are not distributed equally, and poverty has not been eliminated. There are still many people who are not able to afford the basic necessities of life because they hold low-paying jobs or are unemployed. The private enterprise system promotes competition, freedom, and profit.  
SOURCE: EC:009  
SOURCE: EC LAP 15—People Power (Private Enterprise)
19. D  
Trade or profession. Specialization by trade or profession identifies the type of work that individuals perform in order to earn a living. Specialization by stage of production occurs when more than one stage is required to change a raw material into a finished product; different people are usually involved at the different stages of production. Task specialization involves becoming highly skilled in one, very small portion of a job. Depth is the amount of control an employee has in a job rather than a type of specialization.  
SOURCE: EC:014  
SOURCE: EC LAP 7—Specialization of Labor
20. C  
Growth stage. Consumer spending is an effective economic indicator because changes in the level of spending indicate trends or conditions in the economy. When consumer spending is high, the economy usually is in a growth stage. Spending by consumers indicates that they have funds available to spend, which encourages businesses to expand to provide additional goods. The result often is more profit for businesses so they continue to expand and provide more jobs, which increases the employment level and leads to more growth. When consumer spending is high, the economy is not in a depression, an inflationary period, or a recession.  
SOURCE: EC:081  
SOURCE: McConnell, C.R., & Brue, S.L. (2005). *Economics: Principles, problems, and policies* (16th ed.) [p. 147]. Boston: McGraw-Hill/Irwin.
21. C  
Raising taxes. Raising taxes requires more money to be taken from paychecks and disposable incomes, thus restricting the flow of money. Lowering interest rates, increasing purchases, and increasing employment will increase the flow of money.  
SOURCE: EC:018  
SOURCE: EC LAP 9—Business Cycles

22. B

What the other person wants. Knowing what the other person wants allows you to identify the common ground between the two viewpoints. How long negotiation will take is seldom determined ahead of time. Although it may be nice to know, the number of people attending is not a crucial factor in negotiations. The task at hand is the negotiation. It is unwise to divide your focus between the negotiation and implementing the outcome.

SOURCE: EI:062

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

23. D

Leaders are born, not made. This is a popular myth about leadership that is not true. In fact, leadership can indeed be studied and practiced, and anyone can be a leader. Also, leaders typically are good managers in that they know how to coordinate resources in order to get things done.

SOURCE: EI:009

SOURCE: QS LAP 27—Follow Me

24. A

Emergency. A type of situation that requires a person to quickly adapt to new circumstances without preparation is an emergency. An example of an emergency situation is a house fire. People do not always want or welcome new circumstances. Anticipate means to expect or foresee. When we expect new situations or circumstances, we can sometimes plan for them in advance. Transitional describes a situation in which a person participates in activities that are designed to allow him/her to adapt to new circumstances over a period of time.

SOURCE: EI:006

SOURCE: QS LAP 15—Stuff Happens

25. C

Personalized. When managers recognize employees' efforts and contributions, they should do so on a personal level. For example, "You did a great job," is personal recognition. However, being more personal and mentioning the specific reason for the recognition adds more meaning and further personalizes the recognition. For example, "You did a great job on those colorful posters" is specific and personalized recognition. Recognition can be verbal, written, or private depending on the situation and the employee involved. However, it should always be personalized.

SOURCE: EI:014

SOURCE: QS LAP 13—Gimme Five!

26. B

Form and conduct relationships. When you study human relations, you examine the ways that people form and conduct relationships with one another. Relationships between people are often very complex and can be either effective or ineffective. They are affected by people's personal styles, their opinions, and their communication skills.

SOURCE: EI:037

SOURCE: EI LAP 5—Can You Relate? (Positive Working Relationships)

27. B

Reciprocity. When you do something for someone, that person often feels obligated to something for you in return. This is reciprocity. Developing political relationships within an organization often involves doing favors for others. The people doing favors for others usually expect others to reciprocate when they need something. Therefore, an advantage of developing strong political relationships is that people have others they can count on to help them or do favors for them when needed. They just need to remember that they will be expected to reciprocate. Developing strong political relationships within an organization does not necessarily create acceptance or compromise. Strong political relationships often create agreement rather than opposition.

SOURCE: EI:034

SOURCE: Lussier, R.N. (2003). *Management fundamentals: Concepts, applications, skill development* (2nd ed.) [p. 279]. Mason, OH: South-Western.

28. A

Trade credit. Businesses obtain trade credit when they purchase resale goods from vendors and receive an extended period of time in which to pay for the goods. More businesses use this kind of credit to purchase resale goods than any other kind. Long-term credit would be obtained from a financial institution in order to purchase expensive items, such as equipment. A credit union is a financial cooperative set up to provide savings and credit services to its members, usually within a business or a labor union. A trade association is a group of persons in the same industry or geographic area who form a society to solve their common problems.

SOURCE: FI:001

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2002). *Marketing essentials* (3rd ed.) [p. 597]. Woodland Hills, CA: Glencoe/McGraw-Hill.

29. B

Build financial worth. The purpose of establishing investment goals and objectives is to build financial worth for a specific reason. Individuals usually determine the goal and then develop an investment plan to achieve that goal. The goal may be to pay for a child's college education or to purchase a vacation home. By investing, individuals are able to build sufficient financial worth so they will have the funds available to achieve their goal. Maintaining good credit, avoiding a tax liability, and evaluating cash flow are not reasons for establishing investment goals and objectives.

SOURCE: FI:079

SOURCE: Kapoor, J.R., Dlabay, L.R., Hughes, R.J., & Hoyt, W.B. (2005). *Business and personal finance* (p. 237). New York: Glencoe/McGraw-Hill.

30. C

Assets minus liabilities should equal owner's equity. The balance sheet gets its name from the fact that the figures it presents must balance each other. When the business subtracts what it owes (liabilities) from what it owns (assets), the result should be the same as the owner's equity. This is the total net worth of the business. Income, expenses, and net profit are all found on an income statement.

SOURCE: FI:085

SOURCE: FI LAP 5—Show Me the Money (Nature of Accounting)

31. D

\$12,528. Cash receipts are the money that a business collects, e.g., business income. Cash receipts are all the money flowing into a business, such as sales and interest. To calculate cash receipts, add the sales and interest income ( $\$12,450 + \$78 = \$12,528$ ). Although a business collects sales tax, that money is not income because it must be paid to the government. Equipment is an asset and is not included in cash receipts.

SOURCE: FI:092

SOURCE: Kapoor, J.R., Dlabay, L.R., Hughes, R.J., & Hoyt, W.B. (2005). *Business and personal finance* (p. 596). New York: Glencoe/McGraw-Hill.

32. C

\$1,000 net loss. To calculate the net income or net loss, subtract the cost of goods sold from the revenue to get the gross profit. In this case,  $\$68,000 - \$42,000 = \$26,000$ . Subtract the total operating expenses from the gross profit to get the net income or net loss for the coffee shop ( $\$26,000 - \$27,000 = -\$1,000$ ). A net loss occurs when total expenses are greater than total revenue. Net income occurs when total revenue is greater than total expenses.

SOURCE: FI:094

SOURCE: FI LAP 4—Watch Your Bottom Line (Income Statements)

33. C

\$511.23. Travel agents often prepare invoices for customers who make airline and hotel reservations. When calculating the total invoice amount, travel agents compute the airfare and tax as well as the hotel rate for the number of nights and tax. To calculate the invoice total in this example, first determine total airfare by multiplying the base price by the tax and adding the two amounts ( $\$187.50 \times 6\%$  or  $.06 = \$11.25$ ;  $\$187.50 + \$11.25 = \$198.75$ ). Then, determine the hotel amount by multiplying the per night rate by the number of nights, that amount by the tax rate, and then adding the totals ( $\$93 \times 3 = \$279$ ;  $\$279 \times 12\%$  or  $.12 = \$33.48$ ;  $\$279.00 + \$33.48 = \$312.48$ ). Finally, add the total airfare and the total hotel rate to determine the invoice amount ( $\$198.75 + \$312.48 = \$511.23$ ).

SOURCE: FI:087

SOURCE: Semer-Purzycki, J. (2001). *A practical guide to fares and ticketing* (3rd ed.) [pp. 140-145]. Albany, NY: Delmar.

34. B

Gross profit. An operating budget predicts the amount of gross profit (income before taxes) for a certain period of time, usually a year, based on estimated total expenses and sales. The operating budget estimates sales so the business will know how much it will earn and how much of that amount will go for expenses. The goal of the operating budget is to control expenses so the business will earn a sufficient profit. The cash flow budget tracks cash flow. Net worth is the total value of the business. Market price is the actual price that prevails in a market at any particular moment.

SOURCE: FI:098

SOURCE: Longenecker, J.G., Moore, C.W., & Petty, J.W. (2003). *Small business management: An entrepreneurial emphasis* (12th ed.) [pp. 291-293]. Cincinnati: Thomson/South-Western.

35. C

Obtaining a loan. Businesses often use a positive profit-and-loss statement as the basis for obtaining a loan or other types of credit. Creditors and investors are more likely to lend money for expansion if the profit-and-loss statement indicates that the business is financially stable and prospering. The information on the profit-and-loss statement tells creditors and investors if the business will be able to repay the loan. Businesses planning to expand do not use their profit-and-loss statements as the basis for increasing salaries, paying dividends, or offering discounts.

SOURCE: FI:102

SOURCE: Everard, K.E., & Burrow, J.L. (2001). *Business principles and management* (11th ed.) [pp. 410-415]. Cincinnati: South-Western.

36. D

Sales volume. Sales volume is the amount of a business's sales. Businesses often analyze sales volume over a period of time when determining future hiring needs. For example, if a business's sales have increased steadily over a period of time, the business might decide that hiring additional salespeople will help to increase sales even more. The increased sales might also indicate that the business needs to hire additional support staff to fill orders and provide customer service. Merit pay is a salary increase based on performance. Job security is the assurance that employees will keep their jobs. Determining future hiring needs does not involve analyzing formal training.

SOURCE: HR:353

SOURCE: Dessler, G. (2000). *Human resource management* (8th ed.) [pp. 124-125]. Upper Saddle River, NJ: Prentice Hall.

37. B

Document all infractions and personally explain the reasons for dismissal. Businesses need to carefully document inappropriate behaviors in order to have legal grounds for dismissal. Also, employees have the right to know why they are being dismissed, and this information should be explained privately and in person. Threatening an employee with dismissal, asking the reason for the behavior, or not scheduling the employee until the behavior improves are not ways of terminating employees.

SOURCE: HR:358

SOURCE: Littrell, J.J., Lorenz, J.H., & Smith, H.T. (2000). *From school to work* (pp. 355-356). Chicago: Goodheart-Willcox Co.



38. C

Tour of facility. Employee orientation includes touring the facility to acquaint the new employee with the job, the building, and areas of importance, such as medical facilities, parking, lunch, and break rooms. A pre-employment test is given prior to employment. Providing training at the work station is done after orientation. Employees' performance is appraised after they have been on the job for a certain amount of time.

SOURCE: HR:361

SOURCE: Mathis, R.L., & Jackson, J.H. (2003). *Human resource management* (10th ed.) [pp. 286-287]. Cincinnati: Thomson/South-Western.

39. A

On-the-job training. On-the-job training is the most common type of employee training in which the employee receives instruction at the work site and learns by doing. Group training can be used for a small number of employees or the entire workforce and is usually less expensive than personalized training. Job rotation is used to train an employee, such as a management trainee, in several jobs, one at a time, until the training is completed. Workshops and seminars may be held through external or internal sources, on the premises or at an outside location.

SOURCE: HR:362

SOURCE: Mathis, R.L., & Jackson, J.H. (2003). *Human resource management* (10th ed.) [p. 289]. Cincinnati: Thomson/South-Western.

40. A

Motivation. Motivation is the process of getting employees to strive to achieve management's objectives because they want to achieve them. When an employee feels validated and that his/her work is important and appreciated by management, s/he is more likely to be motivated to keep performing at the same level or at a higher level. Informal recognition or praise does not usually distract employees or make them feel apathetic (indifferent). Because some jobs must be done a specific way, an employee's flexibility is not always affected by informal recognition or praise.

SOURCE: HR:365

SOURCE: DuBrin, A.J. (2003). *Essentials of management* (6th ed.) [pp. 322-323]. Mason, OH: South-Western.

41. B

Corrective. There are two general approaches to remedial action that supervisors can use: preventive and corrective. Preventive discipline is essentially an approach to managing people in such a way that behaviors which would require discipline are prevented. One action that supervisors can use to prevent discipline problems is open-door management: a policy permitting employees to voice their complaints, grievances, or problems to successively higher levels of management. Corrective discipline is intended to discourage further violations after infractions have already occurred. It may consist of one or several forms of action, including progressive discipline, corrective counseling, and constructive criticism.

Termination-at-will is a policy that allows for the discharge of any employee without cause, provided there is no legal restriction or contract which applies to the situation.

SOURCE: HR:369

SOURCE: Mathis, R.L., & Jackson, J.H. (2003). *Human resource management* (10th ed.) [pp. 533-535]. Cincinnati: Thomson/South-Western.

42. C

To change promotions. Marketing information is all the marketing-related data available from inside and outside the business. This data includes information about customers, the social and economic environment, and developing trends. Businesses use the marketing information to change and improve promotions that will appeal to customers and bring them into the business. For example, if marketing data indicated that customers were becoming more cost-conscious, a business might develop a promotional campaign based on low prices and value for the dollar. Businesses do not use marketing information to purchase brands, monitor customers, or handle objections.

SOURCE: IM:012

SOURCE: Zikmund, W.G., & d'Amico, M. (1999). *Marketing* (6th ed.) [p. 129]. Cincinnati: South-Western College.

43. C

By increasing production. An expanding market may include an increase in product lines, quality, and sales. An expanding market also implies a positive outlook and potential. Laying off employees and deleting current product lines usually accompany a negative outlook. Buying risk insurance is good business practice but does not indicate an expanding or a contracting market.

SOURCE: IM:001

SOURCE: Farese, L. S., Kimbrell, G., & Woloszyk, C. A. (2009). *Marketing essentials* (pp. 106-108). Woodland Hills, CA: Glencoe/McGraw-Hill.

44. C

Online library. Secondary data is information that has been collected for purposes other than the project at hand. Marketing researchers have a vast amount of secondary information available to them by accessing the Internet. By accessing an online library, a researcher can find data that have been compiled by another person or group. Businesses do not usually post confidential information (e.g., customer profiles) on the Internet. If a business is sending a survey by e-mail to its customers, it is collecting primary data. Businesses often store secondary data on computer software programs.

SOURCE: IM:183

SOURCE: Shao, A. (2002). *Marketing research: An aid to decision making* (2nd ed.) [p. 92]. Mason, OH: South-Western.

45. B

Confidential information. When developing a marketing-information management system, a business should consider who will have access to the information in the system. Some businesses accumulate confidential information that they do not want to be accessible to all employees. These businesses might restrict access to specific employees who compile the information or to managers who use the information. Businesses usually are not concerned about employees accessing the general statistics or marketing data contained in a marketing-information management system. Marketing-information management systems usually do not contain professional objectives.

SOURCE: IM:163

SOURCE: Miller, R.L., & Jentz, G.A. (2002). *Human resource management and e-commerce: The online legal environment* (pp. 170-172). Cincinnati: West Legal Studies in Business, South-Western College Publishing.

46. D

Databases. A database is a large collection of information. Businesses often organize marketing information in a computer database in order to be able to analyze the various relationships between the information. An advantage of using a database to organize marketing data is that the information can be arranged in a variety of categories depending on how the business intends to use the data. For example, a business might analyze the relationship between sales and the season of the year, or the relationship between sales and the discounts being offered. Being able to quickly analyze various relationships helps the business make effective marketing decisions. Businesses do not use indexes, clusters, or matrices to organize marketing information.

SOURCE: IM:063

SOURCE: Hair, J.F., Jr., Bush, R.P., & Ortinau, D.J. (2000). *Marketing research: A practical approach for the new millennium* (pp. 160-161). Boston: Irwin/McGraw-Hill.

47. C

Kellogg's sending a small sample box of cereal in the mail. Sending a sample of a product to potential customers is often done as a component of product research, rather than advertising research. Data on broadcast advertising, surveys to subscribers, and consumer panels are all effective methods of advertising research. Advertising research focuses on the advertising message and media. It is designed to measure the effectiveness of the advertising message and of media placement.

SOURCE: IM:187

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2002). *Marketing essentials* (3rd ed.) [pp. 515-516]. Woodland Hills, CA: Glencoe/McGraw-Hill.

48. B  
CD player. Durable goods are intended to last a relatively long period of time. Nondurable goods, such as pizza or shampoo, are eventually used up. A haircut is a service rather than a good.  
SOURCE: MK:001  
SOURCE: BA LAP 11—Have It Your Way!
49. C  
Place. The placement of these products in discount stores does not fit with other parts of the marketing mix. High-quality products advertised at a high price in national magazines should be placed in high-priced stores. Product, promotion, and price are compatible in this situation.  
SOURCE: MP:001  
SOURCE: IM LAP 7—Pick the Mix
50. B  
Behavioral. Behavioral segmentation is the division of a market on the basis of consumers' responses to a product, such as their rate of use, benefits derived, loyalty to the product, and the occasion for using the product. The Executive Image should use behavioral segmentation to find out what its customers are looking for in a laptop computer and why they buy laptops. Geographic segmentation is grouping consumers according to where they are located. The Executive Image is not trying to determine the location of its customers. Demographic segmentation is the division of a market on the basis of its physical and social characteristics, such as income, age, gender, educational level, life stage, and occupation. The Executive Image is not determining the physical and social characteristics of its customers. Psychographic segmentation is the division of a market on the basis of consumers' lifestyles and personalities. The Executive Image is not determining the lifestyles local residents have and activities they enjoy.  
SOURCE: MP:003  
SOURCE: IM LAP 9—Have We Met? (Market Identification)
51. A  
Similar characteristics. Market segmentation is the division of a total market into smaller, more specific groups. The basis of the division is similar characteristics that are geographic, demographic, or psychographic in nature. Some of the groups or segments have unusual interests, but not all of them do. Most people have financial needs, so this characteristic is too broad to consider for market segmentation purposes. When dividing a group by psychographics, the segment has similar rather than inconsistent values.  
SOURCE: MP:004  
SOURCE: Boone, L.E., & Kurtz, D.L. (2004). *Contemporary marketing* (11th ed.) [p. 227]. Mason, OH: Thomson/South-Western.
52. B  
Internal assessment. An important aspect of marketing planning involves an internal assessment of the business. A business needs to understand its strengths and weaknesses before it can develop an effective marketing plan. Therefore, the planning must come first and should include a thorough assessment of the business's current condition. An internal assessment might include reviewing previous sales goals rather than forecasting future sales. Time measurement and a creative process are not important aspects of marketing planning.  
SOURCE: MP:006  
SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2006). *Marketing essentials* (pp. 26-28). New York: Glencoe/McGraw-Hill.

53. D

Pricing strategies. Internal factors are those factors within the business itself that have an impact on the business's marketing effort, such as the business's pricing strategies. When conducting a situational analysis, businesses should consider factors in the internal environment as well as external factors. For example, as a result of a situational analysis, a business might discover that the economy is slowing down. Then, it might review its pricing strategies to make adjustments to remain competitive during difficult economic times. If a business ignores the internal factors that affect its marketing effort, it may lose customers and sales because it did not adapt to change. Advertising regulations, industry trends, and local populations are external factors that a business should consider when conducting a situational analysis.

SOURCE: MP:008

SOURCE: Zikmund, W., & d'Amico, M. (2001). *Marketing: Creating and keeping customers in an e-commerce world* (7th ed.) [pp. 41-42]. Mason, OH: South-Western.

54. D

S-O. S-O marketing strategies focus on opportunities that are a good match with the business's strengths. For example, if one of a business's strengths is its excellent reputation, the business might want to capitalize on that strength to expand the business into neighborhoods or cities. Some current customers could offer referrals or tell associates in those areas about the business. S-T strategies focus on using a business's strengths to overcome its threats. W-O strategies focus on overcoming a business's weaknesses so the business can pursue opportunities. W-T strategies focus on ensuring that a business's weaknesses don't make it even more vulnerable to the threats it already faces.

SOURCE: MP:010

SOURCE: IM LAP 8—Analyze This! (SWOT)

55. A

To determine ways to compete. Businesses need to analyze the competition on a regular basis in order to understand their competitors and to develop ways to effectively compete in the marketplace. The competitive environment changes constantly. Therefore, businesses must keep up to date with what their competitors are doing in order to remain successful. Businesses do not analyze the competition in order to eliminate competitors, understand laws regulating competition, or compete on an ethical basis.

SOURCE: MP:012

SOURCE: Boone, L.E., & Kurtz, D.L. (2004). *Contemporary marketing* (11th ed.) [pp. 66-67]. Mason, OH: Thomson/South-Western.

56. B

Marketing objective. Marketing objectives are the goals a business seeks to reach with its marketing plan. To be effective, marketing objectives should be specific and include a time period for completion. An example of a marketing objective that a business might set is to obtain 25% of the market share by the year 2007. Now, the business knows exactly what it hopes to accomplish and when, and can develop appropriate strategies to achieve the objective. Sales quotas are specific selling goals set for members of the sales force. Obtaining 25% of the market share by 2007 is not an example of a purchasing schedule or an inventory goal.

SOURCE: MP:015

SOURCE: Boone, L.E., & Kurtz, D.L. (2004). *Contemporary marketing* (11th ed.) [p. 42]. Mason, OH: Thomson/South-Western.

57. D

Collect necessary information. A business plan is a set of procedures or strategies that a business owner uses to turn a business idea into reality. Before developing a business plan, the potential business owner should conduct research and collect the information that is needed to develop a comprehensive business plan. The business plan consists of a business situation analysis, marketing plan, and financial plan. The business plan is often presented to lending institutions to secure financial needs. Therefore, it is not always necessary to obtain the financial support before developing the business plan. Since a new business venture does not have a sales history, entrepreneurs (potential business owners) cannot use its past sales reports. The marketing plan is a component of the business plan. Therefore, marketing activities are not usually implemented before the business plan has been developed.

SOURCE: MP:018

SOURCE: Farese, L. S., Kimbrell, G., & Woloszyk C. A. (2006). *Marketing essentials* (4th ed.) [p. 185]. Woodland Hills, CA: Glencoe/McGraw-Hill.

58. D

Objectives. Objectives are goals that a business seeks to reach with its marketing plan. Businesses evaluate the performance of their marketing plans by comparing the results with the original objectives. A business would consider its marketing plan to be successful if its performance meets or exceeds the objectives. If the objectives were not met, a business would take corrective measures to solve the problem. Marketing strategies are plans of action for achieving marketing goals. Priorities are the order of importance of your activities. Alternatives are other options or ways of accomplishing tasks.

SOURCE: MP:022

SOURCE: Churchill, G.A., Jr., & Peter, J.P. (1998). *Marketing: Creating value for customers* (2nd ed.) [pp. 543-545]. Boston: Irwin/McGraw-Hill.

59. B

Comprehensive and systematic. The purpose of a marketing audit is to help a business assess its marketing plan's performance. To assess the marketing plan's performance, the business must determine if it is accomplishing its marketing objectives by identifying the strengths and weaknesses of its marketing strategies and by evaluating specific marketing activities. For a marketing audit to provide appropriate information, the business should conduct the audit by collecting comprehensive information in a systematic manner on a periodic basis. The marketing audit should also be objective or not indicate any bias. To make sure the audit is objective, the business should have independent-thinking people perform the audit. A good audit does not need to be simple, confidential, or subjective.

SOURCE: MP:024

SOURCE: Zikmund, W., & d'Amico, M. (2001). *Marketing: Creating and keeping customers in an e-commerce world* (7th ed.) [pp. 634-635]. Mason, OH: South-Western.

60. A

Back. Learning to lift objects properly is most likely to prevent injuries to your back, as the back muscles are easily injured by improper lifting. Legs, arms, and knees are less often injured than the back by improper lifting techniques.

SOURCE: OP:009

SOURCE: Spears, M.C., & Gregoire, M.B. (2004). *Foodservice organizations: A managerial and systems approach* (5th ed.) [pp. 320-323]. Upper Saddle River, NJ: Prentice Hall.

61. C

Point-of-sale fraud. Attempts to cheat a business out of money at the time of purchase is point-of-sale fraud. To prevent point-of-sale fraud, employees should be familiar with the types of fraud associated with credit cards, checks, and cash. Businesses usually have detailed steps for employees to follow in accepting checks and credit cards. Price-ticket switching is a type of fraud in which a higher priced ticket is removed from merchandise and replaced by a lower priced ticket. Internal theft is any kind of theft by employees of the business. Recordkeeping fraud involves altering business records and diverting money.

SOURCE: OP:013

SOURCE: Stull, W.A. (1999). *Marketing and essential math skills: Teacher's edition* (pp. 142-143). Cincinnati: South-Western Educational.

62. D

Several projects are being done at the same time. Estimating the time involved to complete a project is an important part of project planning. When allocating time, businesses need to consider many factors, such as whether employees are involved in working on several projects at the same time. If the planned project will take 40 hours to complete but employees are doing other tasks, the project may take 80 hours to complete. Businesses need to make realistic time projections in order to prevent future problems. Most businesses allocate a certain amount of time to complete projects rather than allow employees to work at their own pace. Businesses do not need to allocate more time to complete a project because it requires guidance from management or many employees are nearing retirement.

SOURCE: OP:001

SOURCE: Launi, J. (1999, May 1). *Creating a project plan*. Software Development Magazine.

Retrieved September 8, 2008, from

<http://www.sdmagazine.com/documents/s=758/sdm9905d/9905d.htm>

63. A

Capital resources. Capital resources are the money, machinery, equipment, and supplies used in production. They are only one type of resource used in production. Utility is usefulness added to a product. Utility enables products to meet the needs of the consumers who buy and use the product. Fiscal control is government use of price controls, licensing, wage control, tax rates, and other monetary methods by government to regulate business.

SOURCE: OP:017

SOURCE: BA LAP 1—Nature of Production

64. A

Monitoring the inventory of supplies. Running out of supplies often causes the business to make unplanned purchases from more expensive vendors and to use more costly supplies in the meantime. Maintaining too large an inventory of supplies takes up store space and ties up operating funds.

Eliminating the use of boxes and informing the store manager do not solve the problem.

SOURCE: OP:026

SOURCE: Berman, B., & Evans, J.R. (2004). *Retail management: A strategic approach* (9th ed.) [p. 410]. Upper Saddle River, NJ: Prentice Hall.

65. B

\$600. Many small businesses control expenses by hiring part-time employees at an hourly rate rather than salaried full-time employees. The advantage to the business is the same number of employees working during a given time period but for less wages. To calculate the savings in this situation, first determine the payroll expense for the full-time employee by multiplying the weekly salary by four weeks ( $\$650 \times 4 = \$2,600$ ). Then, determine the payroll expense for one part-time employee by multiplying the number of hours worked each day by five days to find the number of hours worked each week ( $4 \times 5 = 20$ ). Then, multiply that number by the hourly rate to determine the weekly pay ( $\$12.50 \times 20 = \$250$ ). Multiply the weekly pay by four weeks ( $\$250 \times 4 = \$1,000$ ) and the four-week total by the two part-time employees ( $\$1,000 \times 2 = \$2,000$ ). Determine the savings by subtracting the part-time payroll from the full-time payroll ( $\$2,600 - \$2,000 = \$600$ ).

SOURCE: OP:029

SOURCE: BizMove.com. (n.d.). *How to reduce costs*. Retrieved September 8, 2008, from<http://www.bizmove.com/finance/m3k.htm>

66. D

Customer area is orderly. Housekeeping duties include returning equipment/supplies to the correct location, wiping up dust, arranging stock, and keeping the cashier's area in good order. Making sure that records are properly kept and employees get to work on time or obey safety rules are supervisory responsibilities not related to housekeeping.

SOURCE: OP:032

SOURCE: Berman, B., & Evans, J.R. (2004). *Retail management: A strategic approach* (9th ed.) [pp. 318-319]. Upper Saddle River, NJ: Prentice Hall.

67. A

Jim works 7:00 a.m. to 3:00 p.m. Flexible schedules give employees various options in the times they work each day but usually require them to be on the job during certain core hours. In this case, employees are required to be on the job from 10:00 a.m. to 2:00 p.m. but have a choice as to when to schedule the remaining four hours. Jim has chosen to work from 7:00 a.m. to 3:00 p.m. which includes the core hours between 10:00 and 2:00. The other employees are working flexible 40-hour weeks, but they are not scheduling themselves to be on the job during the entire four-hour core period.

SOURCE: OP:023

SOURCE: DuBrin, A.J. (2003). *Essentials of management* (6th ed.) [pp. 209-211]. Mason, OH: South-Western.

68. B

Having a specific plan of action. Drawing up a specific plan of action to achieve a goal is a very good step toward realizing the goal. The plan focuses your efforts on the goal and keeps you working toward it. Goals should be stated in specific terms, not general. Setting a goal at a very high level may mean that it will not be attainable. Estimating the cost of achieving the goal should be part of the plan of action.

SOURCE: PD:018

SOURCE: Kimbrell, G., & Vineyard, B.S. (2006). *Succeeding in the world of work* (pp. 94-97). New York: Glencoe/McGraw-Hill.

69. A

Prioritizing activities. Prioritizing is determining the order for completion of activities based on their importance. The most important activity was to get the customer's order filled on time. Identifying objectives is setting goals. A weekly master list is a complete master list of all activities that need to be performed. Reviewing and updating plans involves checking to see what has been accomplished and making additions or corrections.

SOURCE: PD:019

SOURCE: OP LAP 1—About Time (Time Management in Business)

70. C

Is genuinely interested in the business. A job interview follow-up letter indicates to the interviewer that the job applicant was sincere in seeking employment with the company, that s/he appreciated the interview, and that s/he has a genuine interest in the business. The letter will also remind the interviewer of the applicant and may help him/her to get the job if the hiring decision has not yet been made. The letter may also indicate that the applicant has a nice personality, has free time, and wants to make a good impression, but those are not important messages.

SOURCE: PD:029

SOURCE: Kimbrell, G., & Vineyard, B.S. (2006). *Succeeding in the world of work* (pp. 144-145). New York: Glencoe/McGraw-Hill.

71. B

Number of employees. Association dues may be a flat fee, a percentage of annual sales, or a figure based upon the number of employees. The location of the business, its age, and the type of ownership have no bearing on trade association dues.

SOURCE: PD:036

SOURCE: Farese, L. S., Kimbrell, G., & Woloszyk, C. A. (2009). *Marketing essentials* (pp. 789-790). Woodland Hills, CA: Glencoe/McGraw-Hill.

72. D

Handheld calculator. A calculator is a device that computes mathematical equations. Businesspeople use calculators for many reasons, one of which is to add price extensions to determine the total amount of money that a customer owes for an order. Graphic design software is a computer-drawing program. Computer chips and neo-transmitters are not tools that a businessperson uses to compute numerical equations.

SOURCE: PI:016

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2006). *Marketing essentials* (pp. 162-163, 349). New York: Glencoe/McGraw-Hill.

73. A

Lower the price. As the supply of the product increases, the number of buyers may decrease, and sellers will have to decrease the price in order to get the product off their shelves. Buying more of the product could create an overstock situation. Since the product has been a good seller, the business is unlikely to stop selling it.

SOURCE: PI:002

SOURCE: Etzel, M.J., Walker, B.J., & Stanton, W.J. (2007). *Marketing* (14th ed.) [pp. 325-330]. Boston: McGraw-Hill/Irwin

74. B

Pure services. There are two kinds of services that businesses offer—pure services and product-related services. Pure services are services provided to consumers without the involvement of any tangible product. Banks and insurance companies are examples of businesses that offer pure services. A concept good is a product in the idea or testing stage. Tangible goods are capable of being touched, smelled, tasted, seen, or heard. A private brand is a tangible good that is sold under the name chosen by the seller rather than under the name of the producer.

SOURCE: PM:001

SOURCE: Zeithaml, V.A., & Bitner, M.J. (2000). *Services marketing: Integrating customer focus across the firm* (2nd ed.) [pp. 4-5]. Boston: Irwin/McGraw-Hill.

75. B

Mass customization. Computerization and the technology of mass production have created the method of mass customization which allows businesses to produce customized products for one customer or only a very few customers. Businesses that use a mass-customization method can produce large quantities of one product in many different varieties. This method allows businesses to meet the individual needs of many customers by making variations of one product. Automatic production, computerized robotics, and intermittent conversion are not methods that allow businesses to produce products that are specialized for a very few customers.

SOURCE: PM:039

SOURCE: Zikmund, W.G., & d'Amico, M. (1999). *Marketing* (6th ed.) [p. 235]. Cincinnati: South-Western College.

76. C

Aware. A product opportunity is a favorable circumstance that presents itself to provide a good or service that consumers are willing to buy. People identify product opportunities by being attentive to their surroundings, by being aware. Many product opportunities are realized by observing people in various situations. While people are often emotional, decisive, or indifferent, these qualities do not always help them identify new product opportunities.

SOURCE: PM:134

SOURCE: Meyer, E.C., & Allen, K.R. (2006). *Entrepreneurship and small business management* (p. 51). New York: Glencoe/McGraw-Hill.

77. A

Creative-thinking. Creativity is the ability to generate unique ideas, goods, or services. To engage in creative-thinking, entrepreneurs may use various techniques, such as mind-mapping and brainstorming, to generate ideas for goods and services. Empathy and ethics are admirable qualities for entrepreneurs to have, but they are not attributes they need to generate product ideas.

SOURCE: PM:127

SOURCE: PM LAP 11—Unleash Your Oh! Zone (Product Idea Generation)



78. C

Task force meetings. A task force is a group of employees who work in different company departments (e.g., sales, finance) that meet on a regular basis. During the meetings, the task force generates ideas and discusses new product and market opportunities. Because each member represents a different aspect of the business, a task force is often an effective way to facilitate product and market development. Interviewing customers, distributing vendor surveys, and belonging to a trade association are external methods of recognizing product and market opportunities.

SOURCE: PM:136

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2006). *Marketing essentials* (p. 637). New York: Glencoe/McGraw-Hill.

79. D

Warranty. A warranty is a promise made by the seller to the consumer that the seller will repair or replace a product that does not perform as expected. A guarantee is a promise made by the seller to the consumer that the seller will refund the consumer's purchase price if the product does not perform as expected. A guaranty is the assumption by one person of the debts of another. A warrant authorizes or sanctions a particular course of action.

SOURCE: PM:020

SOURCE: Farese, L. S., Kimbrell, G., & Woloszyk, C. A. (2009). *Marketing essentials* (pp. 674-677). Woodland Hills, CA: Glencoe/McGraw-Hill.

80. A

Consumer Product Safety Act. Under the federal law, RingoMaster would be required to comply with what is known as the Consumer Product Safety Act. Passed in 1972, it formed the Consumer Product Safety Commission that was given jurisdiction over the safety of consumer products. The Fair Packaging and Labeling Act is a federal law passed in 1967 requiring specific information about products and producers to be on a product's package or label. The Federal Food, Drug, and Cosmetic Act bans the production, transportation, and sale of misbranded or adulterated foods, drugs, cosmetics, and medical devices. The Magnuson-Moss Warranty Act regulates warranties offered by businesses, requiring them to provide more and better warranties.

SOURCE: PM:017

SOURCE: Farese, L. S., Kimbrell, G., & Woloszyk, C. A. (2009). *Marketing essentials* (p. 579). Woodland Hills, CA: Glencoe/McGraw-Hill.

81. D

Cheeseburgers. A product item is an individual good, service, or idea that a business offers for sale. Product items are distinguished by size, style, price, or any feature that makes one item different from another. Men's apparel, frozen foods, and health and beauty aids are examples of product lines, which are groups of closely related products.

SOURCE: PM:003

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2006). *Marketing essentials* (p. 635). New York: Glencoe/McGraw-Hill.

82. B

Product mix. Most businesses are not able to stock and sell all types and styles of products. As a result, they need to decide which products they will carry, which is the product mix. An important consideration when deciding on the product mix is to identify products that will fill customer needs. Businesses usually have a target market and identify products that they think will appeal to those customers and satisfy their needs. A line extension involves adding products to an existing line. Identifying products that fill customer needs is not an example of a customer service decision or a quality control decision.

SOURCE: PM:130

SOURCE: Boone, L.E., & Kurtz, D.L. (2004). *Contemporary marketing* (11th ed.) [pp. 332-333]. Mason, OH: Thomson/South-Western.

83. D

Restaurants, rentals, and insurance. They are designed to be profitable for the store, and each could exist as an independent business. Playrooms, information desks, and parking are convenience services, not profit-makers. Exhibits, sponsorships, and lectures are community services to help maintain or to establish a store's image in the community. Fashion shows, gift wrapping, and layaway are selling and/or shopping services.

SOURCE: PM:036

SOURCE: Zeithaml, V.A., & Bitner, M.J. (2000). *Services marketing: Integrating customer focus across the firm* (2nd ed.) [pp. 3, 5-6]. Boston: Irwin/McGraw-Hill.

84. B

Price and product. The marketing elements of price and product are being used to position the product by emphasizing the quality that is available at a high price. The business is combining product and price. The business is not using promotion or place to position the product.

SOURCE: PM:042

SOURCE: Burrow, J.L. (2002). *Marketing* (pp. 171-173). Mason, OH: South-Western.

85. B

They meet or exceed customer expectations on a consistent basis. A brand promise is an agreement, of sorts, with customers that a business or product will behave in certain ways that are in accordance with their brand values and characteristics. Consistently delivering on a brand promise reinforces the brand with customers, building brand equity and brand loyalty. Most businesses do not provide customers with a sworn statement. Besides, "actions speak louder than words." Customers are more interested in the quality of their experiences with a business than words. Salespeople generally do not verbally make brand promises to customers; rather, they deliver on the business's brand promise through the nature of their interaction with customers and their appearance. Fulfilling special requests might be just one way in which a particular business delivers on its brand promise, if its values include "individualized service" or "going the extra mile" for the customer. However, making and fulfilling a brand promise to customers means the business must be customer centered in all of its operations and interactions with customers.

SOURCE: PM:021

SOURCE: PM LAP 6—It's a Brand, Brand, Brand World! (The Nature of Branding)

86. B

Strengths. A small business should always develop its brand around its strengths, especially in relation to its competitors. Possibilities include its speedy service, wide selection of merchandise, free delivery, or personal-shopping services. Weaknesses should actually be downplayed as much as possible because they can lead to a negative impression of the business's brand. While productivity is very important to a small business's profitability, it should not be the focus of brand development. A small business would never want to build its brand around its liabilities, or debts that it owes to its creditors.

SOURCE: PM:126

SOURCE: PM LAP 10—Building Your Business's Brand

87. B

Is necessarily biased. Consumers know that the advertiser must present the product in the best possible light, while product weaknesses are not mentioned. Advertising does not necessarily raise the price of a product. Most advertising is not meant to be misleading since misleading ads are illegal. Directing advertising toward a mass audience would not cause customers to doubt the information presented.

SOURCE: PR:001

SOURCE: Arens, W.F. (2004). *Contemporary advertising* (9th ed.) [pp. 62-64]. Boston: Irwin/McGraw Hill.

88. A

Will the campaign imply that she was responsible for her own death? Using the image of someone who died in a terrible accident might suggest that the accident was preventable. Marketers need to consider the ethics of using the person's image because the person is not able to give permission. Because of the amount of news coverage given to celebrity events, the public would probably remember, at least through the duration of the campaign. In this type of situation, media pictures are almost always readily available.

SOURCE: PR:099

SOURCE: Dann, S., & Dann, S. (n.d.). *The Appropriateness and Value of Using of Princess Diana's Image in Road Safety Seat Belt Campaigns: A Preliminary Study*. Retrieved September 8, 2008, from <http://www.scribd.com/doc/247289/The-Appropriateness-and-Value-of-Using-Princess-Dianas-Image-in-Road-Safety-and-Seat-belt-Campaigns>

89. B

Web-site advertising. The World Wide Web (WWW) is a vast collection of interconnected sites and files accessible through the Internet. Many businesses have sites on the Web and use these sites as a way of advertising and promoting their products to customers. Some businesses buy advertising on related web sites and set up the ads in such a way that users can be transported to the businesses' home pages by clicking on the ad. Online-media planning, electronic scheduling, and digital processing are not ways that businesses use technology to promote their products.

SOURCE: PR:100

SOURCE: Arens, W.F. (1999). *Contemporary advertising* (7th ed.) [pp. 515-517]. Boston: Irwin/McGraw-Hill.

90. B

Direct mail. Direct mail is a promotional medium that comes to consumers' homes in the form of letters, catalogs, postcards, and folders. Direct mail would be the most effective medium because the business can choose the clientele who will receive the promotional message. Broadcast and out-of-home media have limited selectivity. Magazine advertising is selective but costly, and the timing of the message may not be appropriate.

SOURCE: PR:007

SOURCE: PR LAP 3—Ad-quipping Your Business (Types of Promotional Media)

91. B

To arouse the curiosity of customers. Every headline should attract the reader's attention. This can be done by offering something new or improved, solving a problem, making a claim, or promising a benefit. The body copy is the logical continuation of the headline and further informs readers about the product. The close is the action step of an ad. A good close asks consumers to do something and tells them how. The purpose of a slogan is to provide continuity to an ongoing ad campaign.

SOURCE: PR:014

SOURCE: Farese, L. S., Kimbrell, G., & Woloszyk, C. A. (2009). *Marketing essentials* (p. 424). Woodland Hills, CA: Glencoe/McGraw-Hill.

92. C

Stock. When merchandise is promoted, customers expect to be able to obtain it immediately. Businesses should make sure that they have sufficient stock on hand to meet demand. If supplies are limited, the promotional efforts should make this clear to the customers. Having enough employees to handle customer needs is important but not necessarily related to the merchandise that is selected. Time and money are important only as they affect the ability to obtain stock.

SOURCE: PR:076

SOURCE: Kotler, P., & Keller, K.L. (2006). *Marketing management* (12<sup>th</sup> ed.) [pp. 18-20]. Upper Saddle River, NJ: Prentice-Hall.

93. B

Handle customer objections. There are specific selling techniques that have been proven over time to be effective. As salespeople become more skilled and advanced in selling, they will learn how to handle customer objections. Effectively handling customer objections often enables salespeople to answer questions and resolve concerns in order to encourage customers to buy. Using technical terms is a communication skill. However, not all salespeople use technical terms because they are sometimes difficult for the customer to understand. The ability to manage time and be motivated to work are characteristics of self-motivation.

SOURCE: SE:017

SOURCE: SE LAP 117—Sell Away

94. C

To control expenses. Businesses provide salespeople with guidelines for activities that involve interaction with customers. These directions may include policies explaining the use of expense accounts to limit the cost of business lunches or dinners for which the business reimburses the salespeople. Limiting business expenses would not expand entertainment, improve advertising, or increase salaries.

SOURCE: SE:932

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

95. C

Experiment based on various criteria. An advantage of using mapping software to create sales territories is that businesses can experiment based on various criteria such as travel time and estimated sales. Before establishing territories, a business can input certain criteria and view a territory based on that information. If the business is not satisfied with the results, it can enter new criteria and continue to experiment to find the territories that will be the most effective. Once territories have been created, businesses assign salespeople to cover the territories. Mapping software does not allow the business to view geographic characteristics or develop travel routes.

SOURCE: SE:107

SOURCE: Futrell, C.M. (2001). *Sales management: Teamwork, leadership, and technology* (6th ed.) [pp. 133-134]. Mason, OH: South-Western.

96. D

To help customers make good buying decisions. Salespeople can obtain valuable selling information from company promotional materials. They can find out about upcoming sales, rebate programs, or special offerings that would be of interest to their customers. Salespeople can use this information to help their customers make good buying decisions, and receive the most value for their money. Salespeople do not obtain selling information from company promotional materials in order to prepare attractive visual displays, assist buyers in deciding what to order, or organize the arrangement of inventory.

SOURCE: SE:062

SOURCE: Burrow, J.L. (2002). *Marketing* (p. 466). Mason, OH: South-Western.

97. D

What's in it for me? A benefit is the personal satisfaction or advantage that a customer wants from a product. It is how a feature helps a particular buyer. For customers, it answers the question of "What's in it for me?" An example is explaining that the benefit of seat belts is that they save lives in the event of an accident. Explaining features answers the question of "What is it?" Explaining the benefits of a product does not answer the questions of "What is the price?" and "What is the warranty?"

SOURCE: SE:109

SOURCE: SE LAP 113—Find Features, Boost Benefits

98. B

Market demand. Sales programs and policies should be structured to motivate and direct the salespeople's behavior in order to achieve overall company objectives. Factors that sales managers consider are environment, role perceptions, aptitude, skill level, and motivational level of sales personnel. Market demand for the product is an environmental factor that influences the ability of salespeople to sell products. Programs for products in low demand are structured differently than products with high demand. Sales quotas are specific selling goals for members of the sales force. Sales quotas are generally determined by management as a motivational tool and are not an environmental factor. Staff member's personalities are considered an aptitude factor instead of an environmental factor. Compensation is not an environmental factor; it is a motivational factor.

SOURCE: SE:079

SOURCE: Churchill, G.A., Ford, N.M., Walker, O.C., Johnston, M.W., & Tanner, J.F. (2000). *Sales force management* (6th ed.) [pp. 7-9]. Boston: Irwin/McGraw-Hill.

99. C

Top-level. Top-level management is composed of all managers who are responsible for the entire company, and they would attend this kind of meeting. Mid-level managers report to top-level management. They might be included in future meetings, after the top-level managers have discussed the situation. First-line management is supervisors who work directly with employees who carry out the business's routine work. They would not attend this type of meeting.

SOURCE: SM:001

SOURCE: BA LAP 6—Manage This!

100. D

Owners often use business plans as a tool to help them achieve their objectives. The business plan is a written document that outlines each area of the business and the strategies it will use to accomplish business goals. The document helps business owners and managers to carry out and monitor objectives and evaluate the accomplishments and outcomes. Lending institutions usually like to review a company's business plan because it helps them weigh the risks associated with the applicant's loan. An operating plan provides information regarding facilities, manufacturing processes, personnel, and materials needed to produce products. All types of businesses should develop business plans, including sole proprietorships, partnerships, corporations, and hybrids.

SOURCE: SM:007

SOURCE: SM LAP 1—Plan Now, Succeed Later