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Week 6 Quiz

Q1

1/1 point (graded)

The key disadvantage(s) of the test market:

- ☐ It is costly
- ☐ It is time-consuming
- ☐ It may alert competition
- ☒ All of the above ✓

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Q2

1/1 point (graded)

In a simulated test market, 50% of people initially tried the product, and the long-run share among triers was 25%. Projected long-run market-share is

- ☒ 12.5% ✓
- ☐ 25%
- ☐ 50%

☐ None of the above

Explanation

$$M = T \cdot R = 50\% \cdot 25\% = 12.5\%$$

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Q3

1/1 point (graded)

The long-run market-share of a product obtained via simulated test market is

☐ The market-share of the product many years after the introduction

☒ The market share a few months after the introduction after the initial dynamics have stabilized ✓

☐ The market-share on the day of the introduction

☐ All of the above

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Q4

1/1 point (graded)

The estimate of trial in a simulated test market is based on

☐ Availability

☐ Sampling☐ Awareness☒ All of the above ✓

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Q5

1/1 point (graded)

In a simulated test market, the trial due to awareness and availability was 25%, trial due to sampling was 10%. What was the overall trial?

☐ 25%☒ 32.5% ✓☐ 35%☐ 22.5%

Explanation

$$T = A + S - A * S = 25\% + 10\% - 2.5\% = 32.5\%$$

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Q6

1/1 point (graded)

In a simulated test market, 50 out of 200 people purchased the new brand first time

In a simulated test market, 50 out of 200 people purchased the new brand first time around. 25 of these 50 are willing to purchase the new brand second time around. What is the retention rate of the new brand across the two successive occasions?

☐ 10%

☒ 50% ✓

☐ 12.5%

☐ 25%

Explanation

$25/50=50\%$

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Q7

1/1 point (graded)

In the initial stage of the simulated test market, 150 out 300 people purchased one of the existing brands. Out of these 150 people, 50 were willing to purchase the new brand the second time. What is the defection rate of the existing brands?

☒ 33.3% ✓

☐ 50%

☐ 66%

☐ 16.6%

Explanation

$50/150=33.3\%$

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Q8

1/1 point (graded)

During the past period (t-1), the market share for our new brand was 30%. If the retention rate of the new brand is 60%, and switching rate for the competitors is 50%, what will be the new market share for our brand in period t?

☐ 43%

☒ 53% ✓

☐ 25%

☐ 35%

Explanation

Competitor market share: $70\% = 100\% - 30\%$

Next period market share: $m(t) = m(t-1)*r_n + (1-m(t-1))*s_c = 30\%*60\% + 70\%*50\% = 18\% + 35\% = 53\%$

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Q9

1/1 point (graded)

Based on a simulated test market, our product's retention rate is 60%, competitors' switching rate is 50%. What is our long-run market share?

☐ 45.5%

☐ 54.5%☒ 55.6% ✓☐ 44.4%**Explanation**

Our product's switching rate: $100\% - 60\% = 40\%$

$M = s_c / (s_c + s_n) = 50\% / (50\% + 40\%) = 55.6\%$

You have used 1 of 1 attempt

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