MARKETING
CLUSTER CORE

SAMPLE EXAM QUESTIONS

These test questions were developed by the MBA Research Center. Items have been randomly selected from the MBA Research Center’s Test-Item Bank and represent a variety of instructional areas. Performance indicators for these test questions are at the prerequisite, career-sustaining, and specialist levels. A descriptive test key, including question sources and answer rationale, has been provided.

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Posted online March 2015 by DECA Inc.
1. Brix Beauty Salon used a celebrity's name and photograph in a recent newspaper advertisement, even though the celebrity had not given Brix permission to use her name and likeness. What tort did Brix Beauty Salon commit?
   A. Defamation
   B. Wrongful interference
   C. Appropriation
   D. Conversion

2. Which of the following forms of ownership is a group of individuals organized by a charter that is granted by a state:
   A. Corporation
   B. Proprietorship
   C. Partnership
   D. Cooperative

3. Computer manufacturers sell their products through retailers, such as Best Buy. This is an example of the function of marketing.
   A. promotion
   B. channel management
   C. pricing
   D. product/service management

4. Indirect channels of distribution are the only channels that involve
   A. producers.
   B. industrial consumers.
   C. intermediaries.
   D. ultimate consumers.

5. Packaging a product in a biodegradable or recyclable container is one way a channel member can participate in the ethical practice of
   A. international marketing.
   B. consumer protection.
   C. social awareness.
   D. green marketing.

6. One aspect of coordinating channel management with pricing activities involves
   A. implementing accounting policies.
   B. setting appropriate prices.
   C. earning high profits.
   D. developing product standards.

7. Why is it important to identify sources that provide relevant, valid written material?
   A. To understand business communication
   B. To compile a database
   C. To read useful information
   D. To prepare a routine message

8. Which of the following is a company resource that employees often analyze to ascertain policies and procedures:
   A. Research documents
   B. Sales reports
   C. Promotional brochures
   D. Training materials
9. Jacob was nervous about making his valedictorian speech, but when he stood up to walk to the podium, the audience cheered and gave him a standing ovation, which helped him relax and enjoy the moment. What was the audience doing?
   A. Exhibiting unprofessional behavior
   B. Mocking the speaker
   C. Encouraging the speaker
   D. Engaging in passive listening

10. A message which is as short and to the point as possible is referred to as
    A. complete.
    B. courteous.
    C. correct.
    D. concise.

11. Writing key points on notecards and then placing the cards in order of their importance is one way to
    A. organize information.
    B. access files.
    C. revise facts.
    D. verify accuracy.

12. Which of the following is an example of an effective subject line for a professional email:
    A. New product information
    B. Mtg. rescheduled for 3 p.m.
    C. One more thing . . .
    D. Can we talk for a minute?

13. When writing informational messages, business employees should explain the situation and include sufficient data for the recipient to be able to
    A. make a decision.
    B. read the message.
    C. contact the business.
    D. agree with the content.

14. Which of the following is an example of a simple written report that a business might prepare on a regular basis:
    A. Results of a research study
    B. Minutes of a staff meeting
    C. Findings of a major investigation
    D. Analysis of a publicity campaign

15. Which is the most effective way for an employee to communicate interest in providing good service to customers?
    A. Informal product demonstration
    B. Body language
    C. Social status
    D. Closing statements

16. A customer complains that an item purchased last week does not fit properly. The real reason for returning the item is that it is too expensive. This is an example of a __________ complaint.
    A. service
    B. sincere
    C. hidden
    D. business
17. Employees can reinforce their company's positive image by
   A. developing a broad product/service mix.
   B. delivering on the company's brand promise.
   C. sharing its intellectual property with competitors.
   D. advocating prestige pricing and price skimming.

18. A local hardware store purchased a large shipment of snow shovels in November in order to prepare for winter weather. The hardware store is helping to create __________ utility.
   A. form
   B. place
   C. time
   D. possession

19. A manufacturer wants to ensure that each product it makes meets certain standards so that customer complaints and product returns will be kept at minimal levels. Meeting this goal depends on the part of operations known as
   A. inventory management.
   B. strategic management.
   C. purchasing.
   D. quality control.

20. Which of the following factors has aided the most in creating a global business environment:
   A. Technology
   B. Government
   C. Cultural changes
   D. Exchange rates

21. Which of the following is a characteristic of private enterprise that enables consumers to buy quality products at fair prices:
   A. Unlimited resources
   B. Competition
   C. Inflation
   D. Profit motive

22. Which of the following is an example of a tax that government collects from some businesses:
   A. Subsidy
   B. Excise
   C. Bond
   D. Discount

23. Shelly is a union member who has been having problems with management. Shelly should report her problems to her union's
   A. mediator.
   B. president.
   C. steward.
   D. arbitrator.

24. Which of the following is a disadvantage of weak currency:
   A. It reduces business profits.
   B. It makes acquiring foreign companies more expensive.
   C. It negatively affects the balance of trade.
   D. It makes buying imports less expensive.
25. In some cultures, creating relationships during business negotiations is key; in other cultures, negotiators want a signed contract. This illustrates cultural differences in negotiating
   A. styles.
   B. attitudes.
   C. schedules.
   D. goals.

26. Why is it sometimes difficult to be honest about strengths?
   A. No one likes to recognize strengths.
   B. We don't want to brag.
   C. Weaknesses are more significant than strengths.
   D. Few people have strengths.

27. As a sales representative for a large distributor, you hear a lot of information from your clients about the competition. Which of the following characteristics would help you to demonstrate initiative in this situation:
   A. Creativity and self-understanding
   B. Patience and resourcefulness
   C. Empathy and self-control
   D. Alertness and assertiveness

28. The night clerk in a local motel often complains to the manager about having to assist his/her coworkers. This is an example of an employee having a(n) _________ attitude.
   A. negative
   B. productive
   C. innovative
   D. indifferent

29. Instead of going through Jeff's files, Amanda waits until Jeff returns from lunch to obtain a file that she needs to review. This is an example of one coworker _________ of another coworker.
   A. respecting the privacy
   B. violating the workspace
   C. correcting the work
   D. reinforcing the efforts

30. Behavior that is characterized by a willingness to ignore the rights of others and to exploit them in order to achieve personal goals is _________ behavior.
   A. offensive
   B. passive
   C. assertive
   D. aggressive

31. One of the reasons that teams are important to businesses is that they can increase
   A. procrastination.
   B. conflicts.
   C. costs.
   D. productivity.

32. Which of the following statements is true about consensus building:
   A. The agreed upon option is not always each person's first choice.
   B. In most cases, consensus allows for a minority to rule.
   C. Each group member's opinion is less important than the leader's opinion.
   D. Consensus can be reached without everyone's agreement.
33. What is true about personal vision?
   A. Realistic visions are based on mission statements.
   B. Good visions have permanent results.
   C. Specific goals are necessary to determine your vision.
   D. Achievable visions are time bound.

34. Being a good listener is an example of what type of behavior that builds positive working relationships?
   A. Being cooperative
   B. Carrying your own weight
   C. Getting to know others on your work team
   D. Having a good attitude

35. Every pay period, Amanda places $100 from her paycheck into a savings account that earns 4.5 percent interest. In this situation, money functions as a
   A. store of value.
   B. medium of exchange.
   C. form of barter.
   D. measure of income.

36. Which of the following statements about understanding your spending habits is true:
   A. The first step in creating a financial plan
   B. A key aspect in exceeding financial goals
   C. A key aspect of opening a bank account
   D. The last step in creating a financial plan

37. When Armand is comparing his checkbook balance with his bank statement, he must make sure that he has subtracted the __________ from his checkbook.
   A. accumulated interest
   B. transaction fees
   C. payroll deposits
   D. check numbers

38. Which of the following is a type of financial-services provider:
   A. Taxation department
   B. Stock market
   C. Commercial bank
   D. Retirement community

39. A decrease in the availability of raw materials is an economic risk that may result in __________ for a business.
   A. high interest rates
   B. increased regulation
   C. financial loss
   D. lower turnover

40. What do all businesses need to be aware of with regard to the accounting process?
   A. Legal considerations
   B. Management styles
   C. System specifications
   D. Research techniques
41. Claudia is creating a balance sheet for her business. She lists the full value of all of her assets, even some office equipment she hasn’t completely paid for. However, to find the true net worth of her business, Claudia must subtract the money she owes on the equipment, since the debt is considered a(n)
   A. liability.
   B. liquid asset.
   C. accounts receivable.
   D. dividend.

42. A business should strive to keep its cash conversion cycle as short as possible so it
   A. can earn dividends.
   B. has cash available to use.
   C. can increase its profit margin.
   D. has fewer liquid assets.

43. One reason why human resources management is important to the success of a business is because this process is responsible for
   A. creating jobs for the company.
   B. eliminating turnover.
   C. staffing the business.
   D. reducing compensation.

44. Which of the following is a way that marketers can use data to “follow up” on any problems or issues with a product:
   A. Providing salespeople with additional training
   B. Determining what new products to offer
   C. Deciding what wholesalers to use for distribution
   D. Budgeting for product development

45. Software that allows for real-time analysis of marketing information enables businesses to search many databases and identify
   A. obscure relationships.
   B. pricing strategies.
   C. hidden objections.
   D. distribution channels.

46. A business should decide at the beginning of a marketing-research project how much it can afford to spend in order to
   A. tell the researcher when to stop the project.
   B. narrow the focus of the research if necessary.
   C. cut the project in half if that is all it can afford.
   D. skip some of the research steps if it needs to save time.

47. A business conducts marketing research when it needs to solve a problem or when it wants to
   A. identify a new market opportunity.
   B. increase its sales staff.
   C. coordinate activities.
   D. analyze financing options.

48. Marketers may want to use research to study the economy, a factor that is subject to change. In this context, the economy can be described as a(n)
   A. variable.
   B. case study.
   C. experiment.
   D. hypothesis.
49. The purpose of semantic-differential rating scales is to measure
   A. talent.
   B. behavior.
   C. personality.
   D. attitude.

50. What data-collection method can be used to obtain product information during the point-of-purchase process?
   A. Statistical survey
   B. Photographic scanner
   C. Email survey
   D. Volume-tracking scanner

51. Which of the following is an example of range:
   A. Consumers buy between four and eight widgets per week.
   B. Consumers buy an average of six widgets per week.
   C. Most consumers buy five widgets per week.
   D. Half of all consumers buy more than four widgets per week.

52. Which of the following is a source of error in the research process:
   A. Key summary
   B. Interview location
   C. Sample design
   D. Project purpose

53. Which of the following is a possible weakness associated with a secondary-data source:
   A. Internet accessibility
   B. Recent industry approval
   C. Reasonable purchase price
   D. Inconsistent collection method

54. The marketing function that best enables a company to make informed decisions about what to sell is
   A. promotion.
   B. product/service management.
   C. selling.
   D. marketing-information management.

55. The owner of a business is meeting with the company's managers and supervisors to set objectives for the next year. This group is developing the company's
   A. business goals.
   B. channels of distribution.
   C. market share.
   D. promotional mix.

56. When a local athletic apparel store sells shoes, clothing, and accessories that are designed specifically for runners, it is using ____________ segmentation.
   A. demographic
   B. geographic
   C. psychographic
   D. rate of usage

57. To evaluate an Internet source, what aspect would you consider when assessing whether its information is clearly laid out so that it is easy to read?
   A. Relevance
   B. Presentation
   C. Objectivity
   D. Timeliness
58. What do businesses often develop to be able to store and analyze data for the purpose of making business decisions?
   - A. Management policies
   - B. Operating procedures
   - C. Survey methods
   - D. Information systems

59. Which of the following is available to all people around the world who have access to a computer that has connectivity:
   - A. Extranet
   - B. Intranet
   - C. Internet
   - D. Broadband

60. Many presentation software programs allow users to
   - A. copyright their graphics.
   - B. include voice narration.
   - C. calculate numerical data.
   - D. analyze organizational progress.

61. What is one reason that a local business would keep records of all its customer-sales transactions?
   - A. To cancel orders
   - B. To issue rebates
   - C. To handle returns
   - D. To budget expenses

62. Which of the following is an example of a current trend in business:
   - A. Protecting consumer privacy
   - B. Expanding economic growth
   - C. Developing market research
   - D. Promoting private enterprise

63. When conducting an environmental scan, which of the following is an economic factor that a business should consider:
   - A. Local demographics
   - B. Global trade regulations
   - C. Consumer spending habits
   - D. Restricted sales territories

64. A clothing manufacturer checks one pair of pants out of every shipment to ensure the quality of its product. This process is known as quality
   - A. inspection.
   - B. guarantee.
   - C. delivery.
   - D. assurance.

65. What should employees who are learning a new skill avoid doing?
   - A. Acting safely
   - B. Following rules
   - C. Taking shortcuts
   - D. Asking questions

66. An author's new book is an example of a
   - A. derivative project.
   - B. breakthrough project.
   - C. R&D project.
   - D. platform project.
67. Before identifying the right people to work on a project, it is important to
   A. develop accurate job descriptions.
   B. select necessary supplies.
   C. ask organizations for contributions.
   D. prepare construction specifications.

68. When managing a project, the first activity is for the project leader to
   A. develop a schedule.
   B. set goals.
   C. negotiate terms.
   D. monitor progress.

69. A reason that many companies update or alter existing products is to
   A. be able to plan production quantities.
   B. make them competitive with similar products.
   C. create new products to put on the market.
   D. use a familiar production process.

70. A focus on how things are done, rather than just outcomes, is known as
   A. continual improvement.
   B. lean production.
   C. process orientation.
   D. concurrent engineering.

71. When the LXT Audio-Book Company was founded 15 years ago, its target market was blind and visually-
   impaired individuals who enjoyed listening to nonfiction audio books. Recently, though, the company has
   begun marketing these same audio books as “learning solutions” for individuals with dyslexia and other
   learning disabilities. This is an example of __________ innovation.
   A. paradigm
   B. product
   C. process
   D. positioning

72. Which of the following is an example of gathering information before making a decision:
   A. Watching movies
   B. Writing letters
   C. Reading novels
   D. Asking questions

73. Employees who are unable to manage their time effectively often experience
   A. decreased pressure.
   B. increased stress.
   C. increased self-esteem.
   D. decreased tension.

74. What should you avoid doing when filling out an employment application?
   A. Leaving blank spaces
   B. Specifying certain jobs
   C. Providing exact data
   D. Signing your name

75. The basic purpose of writing a letter of application concerning a job opening is to
   A. interest the employer in interviewing you.
   B. describe your job skills in detail.
   C. tell the employer how you found out about the job.
   D. provide the employer with your complete work history.
76. The primary reason why many people engage in career-oriented networking activities is to
   A. connect with others who might help them accomplish professional goals.
   B. develop an extensive list of sales prospects and contacts.
   C. obtain letters of recommendation from previous employers.
   D. cultivate a wide circle of social and personal contacts.

77. A characteristic of effective prices is that they must be
   A. high.
   B. inflexible.
   C. competitive.
   D. low.

78. Which of the following pricing practices is illegal in some countries because it may drive a company's competitors' out of business:
   A. Below-cost pricing
   B. One-price policies
   C. Price skimming
   D. Markup pricing

79. One way that advances in technology are impacting the product/service management function is by making it possible for businesses to
   A. improve existing products.
   B. eliminate human errors.
   C. simplify production systems.
   D. control customer preferences.

80. Pick the best response: Where do product opportunities exist?
   A. Anywhere that people have had their needs satisfied
   B. Where people work
   C. Where people participate in their hobbies
   D. Anywhere there is an un- or under-met need

81. When using mind mapping to generate product ideas, you begin by writing down the main problem or
   A. situational analysis.
   B. supporting facts.
   C. primary associations.
   D. market opportunity.

82. True or False: Only express warranties hold up in court.
   A. False; express warranties must be in writing.
   B. True; implied warranties cannot be verified.
   C. False; implied warranties are valid.
   D. True; only written evidence can be submitted in court.

83. What strategy can make or break a business's product mix?
   A. Positioning
   B. Contracting
   C. Altering
   D. Expanding

84. Text that continues or clarifies the thought expressed in the print ad's headline is referred to as the
   A. tag line.
   B. subhead.
   C. identification.
   D. white space.
85. Why do companies use brands for their products?
   A. To demonstrate creativity
   B. To charge higher prices
   C. To encourage materialism
   D. To differentiate their products

86. Which of the following is an example of a purchase experience touchpoint:
   A. Word-of-mouth
   B. Direct sales
   C. Customer satisfaction surveys
   D. Warranty programs

87. Many of the town's residents have heard that this coming summer is predicted to be the hottest summer ever. As a result of hearing this, Tim, the owner of an appliance store, decided to do more advertising for air conditioners. Which of the following external factors has affected Tim and his business:
   A. Cultural and social trends
   B. Legal and political factors
   C. Technology
   D. Demand

88. The specific goal of product promotion is to
   A. persuade consumers to buy a particular good or service.
   B. inform consumers about the company.
   C. show the company's commitment to technology or research.
   D. change a particular attitude toward a firm or its products.

89. Which of the following is the most visible element of the promotional mix:
   A. Personal selling
   B. Sales promotion
   C. Publicity
   D. Advertising

90. What type of information are businesses that sponsor sales promotion sweepstakes and contests required to make available to the customers who participate in those promotions?
   A. Odds of winning
   B. Amount of rebate
   C. Value of coupon
   D. Samples of product

91. Governments that have passed “do not call” laws are restricting promotional activities related to
   A. contests.
   B. telemarketing.
   C. Internet downloads.
   D. direct mail.

92. A local, exclusive business is having a sale. Which of the following advertising media would be most effective in promoting the sale to the business's clientele:
   A. Out-of-home
   B. Broadcast
   C. Magazine
   D. Direct mail

93. What is the primary goal of viral marketing?
   A. Managing
   B. Staging
   C. Sharing
   D. Manipulating
94. What communication channels is a corporation's public-relations department most likely to use to maintain positive relationships with shareholders?
   A. News conferences, consumer blogs, and employee manuals
   B. Press releases, online social networks, and print advertisements
   C. Newsletters, annual reports, and the company's website
   D. Policy manuals, commercials, and sponsorships

95. Successful positioning appeals to customers'?
   A. emotions.
   B. five senses.
   C. desire to save money.
   D. logic.

96. When salespeople demonstrate the features and benefits of goods or services, they often are able to
   A. provide jobs for more employees.
   B. add usefulness to products.
   C. develop new and improved products.
   D. create desire for products.

97. Why do businesses try to build a clientele?
   A. Leads to repeat business
   B. Gives the business a new image
   C. Attracts well-to-do customers
   D. Provides continuing sources of new workers

98. Which of the following is a reason why the ethical and legal issues involved in selling activities are extremely important:
   A. Buyers avoid doing business with unethical salespeople.
   B. Sellers must understand how to criticize competitors.
   C. Sales staff must know when they can legally bend the truth.
   D. Sales managers are not responsible for what the sales staff does.

99. What type of law prevents salespeople from one company from interfering with their competitions' activities?
   A. Product safety
   B. Unfair trade
   C. Consumer credit
   D. Warranty liability

100. A restaurant server might obtain valuable information about the taste of a new menu item by talking to
   A. customers.
   B. the cooks.
   C. friends.
   D. suppliers.
1. C

Appropriation. Torts are civil wrongdoings that cause harm or injury to another party. Appropriation, wrongful interference, defamation, and conversion are four kinds of torts. Appropriation, which Brix Beauty Salon committed, involves a business or person who uses—without permission—another person's name, likeness, and other unique characteristics for the benefit or gain of the user. Brix Beauty Salon used the celebrity's name and picture to attract customers to the salon. Unfortunately, Brix had not obtained permission to use the celebrity's name or likeness. As a result, the celebrity could sue Brix for appropriation. Wrongful interference consists of predatory behavior undertaken by a business to draw either customers or employees away from a competitor. Defamation involves making false, malicious statements about a person or organization. Conversion occurs when personal property is taken from the owner and given to someone else to use.

SOURCE: BL:069

2. A

Corporation. A corporation acts as a "legal person" in doing business and is owned by stockholders who have purchased stock. A partnership is a form of business ownership in which the business is owned by two or more persons. A sole proprietorship is a form of business ownership in which the business is owned by one person. A cooperative is owned and operated by its user-owners to supply goods and services to its members.

SOURCE: BL:003
SOURCE: BL LAP 1—Own It Your Way (Business Ownership)

3. B

Channel management. Channel management involves understanding the concepts and processes needed to identify, select, monitor, and evaluate sales channels. This example entails the transfer of ownership of the computers from the manufacturer to the retailer. Promotion involves understanding the concepts and strategies needed to communicate information about goods, services, images, and/or ideas to achieve a desired outcome. Pricing is the marketing function that involves determining and adjusting prices to maximize return and meet customers' perceptions of value. Product/service management is the marketing function that involves obtaining, developing, maintaining, and improving a product or service mix in response to market opportunities.

SOURCE: CM:001
SOURCE: CM LAP 2—Chart Your Channels (Channel Management)

4. C

Intermediaries. Intermediaries are also called middlemen and include sales agents, wholesalers, and retailers who perform specific functions in the movement of goods from producers to consumers. Direct channels of distribution do not involve intermediaries. All channels of distribution involve producers and either industrial or ultimate consumers.

SOURCE: CM:003
SOURCE: CM LAP 1—Channel It (Channels of Distribution)

5. D

Green marketing. Green marketing refers to the practice of pricing, promoting, and distributing products in such a way that they do not harm the natural environment. Most manufacturers choose to participate in this practice because of their code of ethics. Consumer protection deals with safety features and product labeling standards that protect the consumer. Social awareness is a term used to describe the practice of enlightening the community of business actions to promote social welfare. International marketing refers to marketing goods and services in foreign countries.

SOURCE: CM:006
6. B
Setting appropriate prices. Businesses not only need to make their products available, but they also must sell them at a price that customers are willing to pay. If a product is not priced appropriately, customers usually will not buy even if the product is widely distributed. Therefore, it is important for businesses to coordinate the pricing activities with the appropriate channel members. Businesses must set appropriate prices that customers are willing to pay and have the products in stock when customers want them in order to successfully sell to customers. Coordinating the channel-management function with pricing does not involve implementing accounting policies, earning high profits, or developing product standards.
SOURCE: CM:007

7. C
To read useful information. Business employees often read written material to obtain useful information that they can use to apply to a specific task or problem. For the information to be useful, the sources must provide relevant, valid written material. For example, employees might read industry publications to identify trends so the business can take steps to remain competitive. Industry information is relevant and valid and useful to businesses. It is not important to identify sources that provide relevant, valid written material to compile a database, understand business communication, or prepare a routine message.
SOURCE: CO:054

8. D
Training materials. Employees are often expected to read a variety of company resources in order to learn about and understand policies and procedures. Training materials are a type of resource that companies often make available to employees. By analyzing the materials, employees learn about company structure, business strategies, operating policies and procedures, etc. The more employees know and understand about the company, the better able they are to perform effectively and advance in the organization. Sales reports, promotional brochures, and research documents usually do not contain information about company policies and procedures.
SOURCE: CO:057

9. C
Encouraging the speaker. In many cultures, a standing ovation is the ultimate show of support for a speaker. It indicates the audience’s respect for the speaker, and its desire to hear what the speaker has to say. Because cheering provides positive feedback, the audience was not mocking or insulting the speaker. Some cultures might view the audience’s behavior as unruly or disrespectful; however, this situation involves a school event, rather than a business event, so the audience isn’t exhibiting unprofessional behavior. Because Jacob has not started speaking, the audience is not actively listening to what he is saying.
SOURCE: CO:082

10. D
Concise. Concise messages are clear and short. A courteous message addresses others with respect. Completeness in communication means giving all the information required. Carefully checking all facts and figures for accuracy before delivering a message should ensure correctness.
SOURCE: CO:147
11. A
Organize information. Organizing information helps you to communicate your message to your audience in a meaningful way. One way to organize information is to write down key points on notecards (index cards). Then, you can place the cards in their order of importance or categories. The advantage to using notecards to organize information is that you can move them around and reorganize as needed. When you have the information in the order that you want it in, you can efficiently write an outline, report, manual, or article, or prepare a presentation. Placing key points on notecards and placing the cards in a certain order will not help you access files, revise facts, or verify the information's accuracy.


12. B
Mtg. rescheduled for 3 p.m. An effective subject line for a professional email should summarize the body of the message and make it easy for the recipient to understand the purpose of the email. "Mtg. rescheduled for 3 p.m.", for example, clearly communicates the focus of the email (the meeting) and provides enough information for the recipient to understand why the email was sent to him/her (to inform him/her that the new time for the meeting is 3 p.m.). "New product information" is not specific enough for the recipient to understand what product is the focus of the message. "One more thing . . . " and "Can we talk for a minute?" are vague and provide little information to help the recipient understand the reason for the email.


13. A
Make a decision. Informational messages are intended to inform and provide data to the recipients. In many cases, the purpose of an informational message is to help the recipient make a decision. For this to happen, the business employee should explain the situation and include sufficient data. If recipients clearly understand the who, what, where, when, why, and how of the situation, they usually have sufficient information to make a decision. Clear and concise writing enables a recipient to read the message. The letterhead usually includes the business's name, address, and phone number so recipients are able to contact the business. Explaining the situation and including sufficient data does not guarantee that the recipient will agree with the content.


14. B
Minutes of a staff meeting. Simple written reports are often intended to provide information to the business’s employees. An example of a simple written report that a business might prepare on a regular basis is the minutes of a staff meeting. Businesses often have routine staff meetings and prepare a brief summary to distribute to all employees. This serves to remind employees of the topics discussed and provide that information to employees who may have been unable to attend. Results of a research study, findings of a major investigation, and analysis of a publicity campaign are examples of complex written reports.

15. B
Body language. Body language is gestures, facial expression, tone of voice, or any other form of communicating without words. An employee's body language conveys a message to customers. For example, if an employee is talking to one customer and ignores a new customer, the employee's body language is telling the new customer that s/he is not important. On the other hand, an employee who smiles or motions that s/he will be with the customer shortly is communicating an interest in providing good service. Employees usually do not communicate their social status to customers. The verbal and nonverbal communications employees use during the closing statements indicate their interest in being of service, not the closing statements themselves. Informal product demonstrations do not communicate interest in providing good service to customers.
SOURCE: CR:005

16. C
Hidden. Customers sometimes conceal the real complaint by stating another believable but secondary reason for their dissatisfaction. A sincere complaint is an honestly felt dissatisfaction. A service complaint results from poor service, and a business complaint is customer dissatisfaction with the business in general.
SOURCE: CR:010

17. B
Delivering on the company's brand promise. A brand promise is a business's agreement (spoken or unspoken) with customers that it will consistently meet their expectations and deliver on its brand characteristics and values. By delivering on their company's brand promise, employees can reinforce the company's positive image among customers. These employees become brand ambassadors, communicating the company's vision, mission, and brand through their actions and words, both on the job and off. Developing a broad product/service mix does not necessarily reinforce the company's positive image. Betraying a company by sharing its intellectual property with competitors does nothing to reinforce the company's positive image. Prestige pricing and price skimming do not reinforce a company's positive image in every case.
SOURCE: CR:002

18. C
Time. Time utility is created when products are available at the time they are needed or wanted by customers. Form utility is usefulness created by altering or changing the form or shape of a good to make it more useful to customers. Place utility is usefulness created by making sure that goods and services are available at the place where they are needed or wanted by customers. Possession utility is usefulness created when ownership of a product is transferred from the seller to the user.
SOURCE: EC:004
SOURCE: EC LAP 13—Use It (Economic Utility)

19. D
Quality control. Ensuring that products meet predetermined standards for excellence is known as quality control, and it is part of operations. Purchasing and inventory management are also part of operations, but purchasing refers to acquiring necessary goods and services, and inventory management means supervising inventory levels to make sure there is an appropriate balance. Strategic management refers to the business's plans and goals for the future.
SOURCE: EC:071
SOURCE: EC LAP 19—Strictly Business (Business Activities)
20. A
Technology. Technologies of all types have enabled global markets to function effectively. As examples, refrigeration has enabled perishable products to be transported between countries; and computers have facilitated communication and exchange of payments. Government, culture, and exchange rates have both facilitated and hampered global trade.
SOURCE: EC:104

21. B
Competition. Competition is the rivalry between two or more businesses to attract scarce (limited) customer dollars. In order to be competitive, businesses must try to offer consumers quality products at fair prices. The profit motive is the desire to make a profit, which moves people to invest in business. Inflation is a rapid rise in prices usually occurring when demand exceeds supply. Resources are limited in all economic systems.
SOURCE: EC:009
SOURCE: EC LAP 15—People Power (The Private Enterprise System)

22. B
Excise. Excise is a special government tax on certain items, such as gasoline. Government collects several kinds of taxes from businesses. Businesses are responsible for collecting income and social insurance taxes from employees and sales, excise, and duty taxes from customers. Businesses pay tax on their income and property, and they also pay fees for licenses and permits. Subsidy is government financial help given to a business. Bonds are interest-bearing certificates issued by government that promise to pay bond owners a certain sum at a specified time. Discount is the amount by which the price of something is reduced.
SOURCE: EC:008
SOURCE: EC LAP 16—Regulate and Protect (Government and Business)

23. C
Steward. Union stewards are called shop stewards, and they are union members elected by their peers to handle any grievances or problems members might have with management. A union president's responsibilities involve leading the union as a whole rather than assisting individuals. A mediator is involved in union negotiations, clarifying issues, and making suggestions concerning the contract. An arbitrator also assists with negotiations. In binding arbitration, this person's decisions regarding the contract are final and cannot be changed.
SOURCE: EC:015
SOURCE: EC LAP 5—Get United (Organized Labor)

24. B
It makes acquiring foreign companies more expensive. One disadvantage of weak currency is making the acquisition of foreign companies more expensive since domestic currency doesn't go as far overseas. Reduction of business profits and a negative effect on the balance of trade are disadvantages of strong currency, not weak currency. Weak currency makes buying imports more expensive, not less expensive.
SOURCE: EC:100
SOURCE: EC LAP 30—Get Your Money's Worth (Exchange Rates)

25. D
Goals. Different cultures have different goals when it comes to business negotiations. For some, only a signed contract will do. For others, creating relationships equals success. Different cultures also have different attitudes (win-win v. win-lose), schedules (open-ended v. time-sensitive), and styles (informal v. formal); however, achieving a contract v. achieving a relationship pertains to negotiation goals.
SOURCE: EC:045
SOURCE: EC LAP 24—On Top of the World (Impact of Culture on Global Trade)
26. B
We don't want to brag. It's sometimes difficult to be honest about strengths. We don't want to seem as if we're bragging or "stuck up." However, recognizing our talents, abilities, and the things we do well is a healthy and acceptable thing to do. Everyone has strengths. Weaknesses are not more significant than strengths.
SOURCE: EI:002
SOURCE: EI LAP 17—Assess for Success (Assessing Your Strengths and Weaknesses)

27. D
Alertness and assertiveness. Alertness and assertiveness are two personal characteristics that are interdependent with initiative. A sales representative can show initiative by being alert to information about competitors and being assertive enough to express his/her views. Empathy is the ability to put yourself in another person's place. Resourcefulness helps you to make the best of any situation. Creativity is the ability to generate unique ideas, approaches, solutions, etc. Self-understanding is comprehending one's personal needs, interests, values, and motives and recognizing their effects on one's behavior. Patience is the ability to endure life's aggravations and difficulties calmly.
SOURCE: EI:024
SOURCE: EI LAP 2—Hustle! (Taking Initiative at Work)

28. A
Negative. People who have negative attitudes do not like to assist others. They are usually self-centered and focus only on their own needs. People who are productive and innovative are positive people. Indifferent people lack concern about or interest in things.
SOURCE: EI:019
SOURCE: EI LAP 3—Opt for Optimism (Positive Attitude)

29. A
Respecting the privacy. When employees respect the privacy of others in the workplace, they are more likely to gain the trust and respect of their coworkers and managers. Respecting coworkers' privacy means that an employee does not read correspondence that is not addressed to him/her. In addition, the employee does not listen to others' private conversations or go through their personal belongings. In the example, Amanda waited until her coworker Jeff returned from lunch to obtain a file that she needed. Because she did not go through Jeff's workspace, she was respecting rather than violating his privacy. The example does not indicate that Amanda's intention was to correct Jeff's work or to reinforce his efforts—she simply needed to review information in the file.
SOURCE: EI:029

30. D
Aggressive. Offensive behavior is unpleasant or displeasing. Assertive behavior is characterized by respect for personal rights as well as for the rights of others. Passive behavior is characterized by a failure to exercise personal rights and a lack of respect for personal needs.
SOURCE: EI:008
SOURCE: EI LAP 18—Assert Yourself (Assertiveness)

31. D
Productivity. Productivity is the amount and value of goods and services produced (outputs) from set amounts of resources (inputs). The overall output of all employees is often increased when businesses use teams because workers who feel they are an important part of a team often work harder and produce more. Other reasons that teams are important to businesses are that they reduce costs and workplace conflicts. Teams do not increase procrastination—putting off until tomorrow what should have been done today.
SOURCE: EI:045
SOURCE: QS LAP 6—Lean on Me (Teamwork Skills)
32. A
The agreed upon option is not always each person's first choice. Consensus is a decision-making outcome that requires the substantial agreement of each group member. This means that for everyone to agree, the option doesn't have to be each group member's first choice, but an option that has been presented and agreed upon as acceptable by all members of the group. Minority rule means that a few people in the group make the decision. Consensus is not minority rule, is not rule by a single leader, and cannot be reached without each group member's input and agreement, which often requires compromise.
SOURCE: EI:011
SOURCE: EI LAP 19—It's a Group Thing (Consensus Building)

33. B
Good visions have permanent results. A vision is a desire for the future that is achieved over time with determination and hard work. Good visions create positive results and may involve the input of many people over a long period of time. Visions are not based on mission statements, nor do they start out with specific goals. Visions are timeless rather than time bound.
SOURCE: EI:063
SOURCE: QS LAP 11—Picture This!

34. A
Being cooperative. Being a good listener is an example of being cooperative in the process of building positive working relationships. Being cooperative involves valuing the work of others as much as you value your own work. If someone needs help or is falling behind, you do your best to support him/her. This includes listening attentively when your coworker is communicating with you. Being a good listener is not an example of carrying your own weight. It may go along with getting to know others and having a good attitude, but it is best as an example of being cooperative.
SOURCE: EI:037

35. A
Store of value. Money functions as a store of value when it is saved rather than spent. The money can be held over time, and it retains value for future purchasing power. In some situations, money is invested or placed in an account that generates more value. Money also serves as a medium of exchange. This occurs when money is used to obtain goods and services. Bartering involves trading one good or service for another good or service. Money also functions as a measure of value. When money functions as a measure of value, the individual holding the money assesses what s/he is willing to pay for a good or service, thereby communicating the product's value or worth.
SOURCE: FI:060

36. A
The first step in creating a financial plan. Knowing how you spend your money—understanding your spending habits—is the first step in creating a financial plan. Knowing your spending habits does not guarantee that you will exceed your financial goals. Although it's helpful to know how many checks you expect to write in a month, you don't need to understand your spending habits to open a bank account.
SOURCE: FI:065
SOURCE: QS LAP 31—Set Yourself Up (Setting Financial Goals)
37. B
Transaction fees. Reconciling bank statements involves comparing the entries in a checkbook with the entries listed on the bank statement. It is important to make these comparisons to determine inconsistencies and mistakes. If a check is not recorded correctly, and if the mistake is not caught, the individual runs the risk of having insufficient funds in his/her checking account, which results in bounced checks. Some financial institutions charge transaction fees for checking accounts, so it is important to make sure that those fees are subtracted from the checking account balance. Accumulated interest and payroll deposits are added to the checking account balance rather than subtracted from it. Check numbers are not subtracted from the checkbook when reconciling bank statements and checkbook balances.

SOURCE: FI:070

38. C
Commercial bank. A commercial bank provides a variety of financial services to individuals and businesses. Besides providing savings accounts and other savings options, banks also make loans and offer credit cards. Many large banks have trust departments and help individuals plan for retirement. Depending on the size of the bank, it may be possible to obtain all necessary financial services from that institution. The stock market itself does not provide financial services. A taxation department collects various types of taxes. A retirement community provides housing rather than financial services.

SOURCE: FI:075

39. C
Financial loss. A decrease in the availability of raw materials, supplies, or products needed by a business are economic risks that can result in financial loss for the business. For example, a decrease in the availability of petroleum can cause business's transportation costs to skyrocket. High interest rates is a business condition that can create economic risks. The involvement of government in the regulation of business may cause financial loss for some businesses. High turnover, rather than low turnover, is an economic risk.

SOURCE: FI:084
SOURCE: FI LAP 8—Prepare for the Worst; Expect the Best (Nature of Risk Management)

40. A
Legal considerations. There are laws that regulate the reporting of financial information. Since accounting is the process of keeping and interpreting financial records, all businesses need to be aware of legal considerations and understand what is legal and what is not. For example, there are laws regulating the way that businesses report income and pay taxes. If businesses violate the law, they may be fined or face other types of legal action. With regard to the accounting process, it is not necessary for all businesses to be aware of management styles, system specifications, or research techniques.

SOURCE: FI:353

41. A
Liability. Liabilities are the financial obligations a business has. In Claudia's case, the money she still owes on her office equipment is considered a liability. To find the net worth of her business, she must subtract her total liabilities from her total assets. This gives her an accurate picture of her business’s health. A liquid asset is cash or any asset that can be quickly converted into cash. Accounts receivable are money owed to the business for purchases made by customers. Dividends are sums of money paid to investors or stockholders as earnings on investments.

SOURCE: FI:093
42. B
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)

43. C
Staffing the business. Human resources management is the process of planning, staffing, leading, and organizing the employees of a business. Staffing is an important function because hiring and keeping qualified employees will contribute to the success of the business. Employees who are capable and hardworking usually help the business to achieve its goals and be successful. It is not possible to completely eliminate turnover. Management usually decides if it needs to expand and create more jobs. Human resources management administers the compensation package, but it is not responsible for reducing compensation.

SOURCE: HR:410
SOURCE: HR LAP 35—People Pusher (Nature of Human Resources Management)

44. A
Providing salespeople with additional training. Data may show that salespeople need additional training for a certain product. This is something marketers want to provide so sales and profits can be as high as possible. Determining what new products to offer, deciding which wholesalers to use for distribution, and budgeting for product development are all activities that should take place before a product hits the market.

SOURCE: IM:012
SOURCE: IM LAP 12—Data Do It (Need for Marketing Data)

45. A
Obscure relationships. Advances in technology have created software that allows for real-time analysis of marketing information. The benefit of this software to businesses is that it enables them to search many databases and identify obscure relationships. The software allows businesses to analyze the data as it is collected and compare it with information stored in many other databases. For example, real-time analysis might discover that a customer applying for store credit has the same telephone number as another customer who recently declared bankruptcy. This information would be immediately made available to the credit manager. Pricing strategies are plans for setting prices. A hidden objection is a real objection the customer does not want brought out in the open. Distribution channels are paths, or routes, that goods or services take from the producer to the ultimate consumer or industrial user.

SOURCE: IM:183

46. B
Narrow the focus of the research if necessary. Many businesses allocate a specific amount in the budget for marketing research. If the amount will not cover the expense of the entire research project, then the business should stop at this point or narrow the focus of the project to the part that would be most useful at that time. The steps in the marketing-research process must be taken in a specific order, and none of them can be skipped. Starting a project and then telling the researcher to stop or cutting the project in half would not be effective.

SOURCE: IM:010
SOURCE: IM LAP 5—Seek and Find (Marketing Research)
47. A
Identify a new market opportunity. Marketing research is the systematic gathering, recording, and analyzing of data about a specific issue, situation, or concern. To remain competitive in the marketplace, businesses conduct marketing research. One way to remain competitive in the marketplace is to identify, select, and distribute products to a new market segment, whose identification requires marketing research. If the business finds that a new market opportunity is feasible, it might decide to increase its sales staff, coordinate new marketing activities, or analyze financing options. Analyzing financing options is a business activity rather than a marketing-research activity.
SOURCE: IM:282

48. A
Variable. A variable is any factor that is subject to change. Sometimes, the economy is the variable that marketers want to study through research. A case study is an in-depth analysis of a person, group, or event. An experiment is a marketing-research method that tests cause and effect by test marketing new products or comparing test groups with control groups. A hypothesis is a proposed explanation for something.
SOURCE: IM:284
SOURCE: IM LAP 14—Better By Design (Marketing Research Design Methods)

49. D
Attitude. Semantic-differential rating scales are used to measure attitude. Research participants are asked to check the box that best describes their feelings. Each box on the scale contains an adjective or phrase, such as courteous or discourteous. By checking a box, respondents indicate their attitude or how they feel about statements. Behavior is the manner in which individuals act. Personality is an individual's qualities or traits and behavior. Talent is an individual's aptitude for learning specific skills.
SOURCE: IM:286

50. D
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, email surveys, and statistical surveys are not data-collection methods that researchers use during the point-of-purchase process.
SOURCE: IM:289

51. A
Consumers buy between four and eight widgets per week. Range is the distance between the smallest and largest value in a set of responses. In the example, four was the smallest number of widgets purchased, and eight was the largest number. The distance between four and eight is the range. Range is often used to describe the relation between numbers, such as the variation between the number of widgets purchased. Mean is the average, such as consumers buying an average of six widgets per week. Mode is the most common response, such as most consumers buy five widgets per week. Median is the exact middle, such as half of all consumers buying more than four widgets per week.
SOURCE: IM:191
Sample design. When collecting information, researchers usually select a sample of the target population to contact or include in the study. The design of this sample may lead to errors in the research. Researchers need to make sure the sample they select accurately represents the target population. For example, errors may occur if all those in the sample are 20-year-old males who live in one small city, but the research involves all men between the ages of 18 and 50. Interview location, key summary, and project purpose are not sources of error in the research process.

SOURCE: IM:292

Inconsistent collection method. Secondary data are information that have been collected for purposes other than the project at hand. Marketers collect secondary data from a variety of sources, such as business websites, research companies, trade associations, and industry journals. Although secondary-data sources can be inexpensive and provide current information, researchers must be careful to examine the way in which the source collected information. If the source publishes statistical data it has collected in an inconsistent or subjective way, the data may be skewed or exhibit bias. Industry approval, reasonable prices, and Internet accessibility are advantages associated with secondary-data sources.

SOURCE: IM:428

Marketing-information management. This function involves gathering, accessing, synthesizing, evaluating, and disseminating information to aid in making marketing decisions. The findings from marketing-information management are used in product/service management to guide product development and improvement. The selling function involves determining customer needs and wants and responding through planned, personalized communication that influences purchase decisions and enhances future business opportunities. The promotion function is marketing function needed to communicate information about goods, services, images, and/or ideas to achieve a desired outcome.

SOURCE: MK:002
SOURCE: MK LAP 1—Work the Big Six (Marketing Functions)

Business goals. The goals or objectives of a business are the things the business wants to attain. A particular share of the industry market might be a business's goal. The promotional mix is the combination of marketing communication channels that a business uses to send its messages to consumers. Channels of distribution are the paths, or routes, that goods or services take from the producer to the ultimate consumer or industrial user.

SOURCE: MP:001
SOURCE: MP LAP 2—Pick the Mix (Nature of Marketing Strategies)

Psychographic. Market segmentation is dividing the market into groups that have similar characteristics. Segmenting markets helps businesses identify the people who are most likely to buy their products. Businesses segment markets in different ways. In the example, the athletic apparel store used psychographics to divide the market, which means that the market is divided on the basis of a lifestyle choice—running. Geographic segmentation involves dividing a market on the basis of location (e.g., zip code). 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. Rate of usage is a type of behavioral segmentation, which involves dividing customers into groups according to their response to a product.

SOURCE: MP:003
SOURCE: MP LAP 3—Have We Met? (Market Identification)
57. B
Presentation. Presentation is the way in which the information is communicated. It addresses such factors as clarity of language used, sufficiency of font size, clarity of layout, effectiveness of colors, usefulness of graphics or photos, clarity of audio or video (if included), and helpfulness of any animation used. Presentation is particularly important on the Web since so much time is spent reading online. Relevance deals with whether the information pertains to the topic being researched. Objectivity deals with presenting unbiased information. Timeliness deals with how up to date the information is; however, the importance of timeliness will vary from topic to topic.

SOURCE: NF:079

58. D
Information systems. An information system is a method of gathering, storing, and analyzing data for the purpose of making business decisions. Businesses acquire vast amounts of information that must be stored and analyzed to make it useful. An effective information system enables a business to quickly and accurately process information and use that information to make decisions. Businesses do not develop operating procedures, survey methods, or management policies to be able to store and analyze data for the purpose of making business decisions.

SOURCE: NF:083

59. C
Internet. The Internet is a worldwide network of computers that enables users to access information and communicate with others. The Internet is available to all people around the world who have access to a computer that has connectivity. Today, connectivity may be by dial-up to telephone lines, through broadband technology, or through wireless routers. All people around the world do not have access to an Intranet or an Extranet. Broadband is a type of technology.

SOURCE: NF:086

60. B
Include voice narration. Many multimedia software programs have options that allow sound (e.g., voice or ringing bell) to be included to add interest to the presentation. Sound should be appropriately placed and pertinent to the presentation theme. Businesses use spreadsheet software to make, document, and calculate numerical data. Businesses do not use presentation software to analyze organizational progress.

SOURCE: NF:008

61. C
To handle returns. Businesses, such as retailers, keep a financial record of each sales transaction and give a copy of the record, a receipt, to the customer. When a customer returns an item, a business uses the information in the financial record to issue the customer a refund or a credit. The return transaction also becomes a part of the business's financial records. Businesses do not keep records of sales transactions in order to cancel orders. Rebates are a return of part of the price a customer pays for a good or service. They are usually offered by the product's manufacturer rather than by retailers. Expenses are monies the business spends, whereas sales transactions usually result in income.

SOURCE: NF:001
SOURCE: NF LAP 1—Record It (Business Records)
62. A
Protecting consumer privacy. Businesses are becoming more concerned with ways of protecting consumer privacy because of the new technology that makes it easy to gather and disseminate personal information. The rapid growth of electronic commerce, which enables consumers to purchase products online, also enables businesses to collect information about credit cards, personal preferences, and buying habits that many consumers prefer to keep private. In response to a growing concern on the part of consumers, businesses are trying to develop techniques that will protect consumer privacy—not only online—but also from other types of abuses. Economic expansion and marketing research are fundamental business activities rather than current trends. Private enterprise is an economic system in which individuals and groups, rather than government, own or control the means of production.
SOURCE: NF:013

63. C
Consumer spending habits. An environmental scan is an analysis of external forces that influence a business’s success. By examining economic, political, socio-cultural, and technological factors that affect the business, the business can take steps to ward off the threats and to take advantage of the opportunities based on the information that the scan provides. Consumer spending habits are an economic factor that might be a threat or an opportunity. If spending is increasing because the economy is healthy, businesses will be able to increase production and sell more. Global trade regulations are a political factor. Local demographics and restricted sales territories are not economic factors.
SOURCE: NF:015

64. A
Inspection. Checking a sample item for defects after it has already been produced is part of a process known as quality inspection. Quality assurance is a process businesses use to prevent defective products from being created, not just to eliminate or correct them after they've already been produced. Quality guarantee and quality delivery are not traditional terms used in operations or quality control.
SOURCE: OP:189
SOURCE: OP LAP 3—Smooth Operations (Nature of Operations)

65. C
Taking shortcuts. Employees who are learning a new skill should work slowly and cautiously, and avoid taking shortcuts. The quickest way is not necessarily the best way to complete tasks. Employees should practice the new skill using the appropriate steps and following the order in which they were instructed to use them. Employees who are learning a new skill should ask questions, follow rules, and act safely.
SOURCE: OP:007

66. D
Platform project. An author's new book is an example of a platform project, one that creates something entirely new. A derivative project enhances, adds to, or extends an existing project. A breakthrough project relies on the use of new technology. An R&D project takes on new visions or pursuits for the business.
SOURCE: OP:158
SOURCE: OP LAP 6—Projected to Win (Nature of Project Management)
67. A
Develop accurate job descriptions. Before identifying the right people to work on a project, it is important to develop accurate descriptions of the jobs these people will need to perform. The descriptions should explain exactly what is involved such as qualifications, education, or experience. Then, match the skills of project members to the job descriptions to find the people who will be able to do the work. It is not important to select necessary supplies, ask for contributions, or prepare specifications before identifying the right people to work on a project.
SOURCE: OP:003
SOURCE: QS LAP 19—Get What You Need

68. B
Set goals. It is important to develop a clear understanding of the project's objectives or goals. Without a clear understanding of the desired outcome, a project manager cannot effectively develop a schedule, negotiate terms, or monitor project progress.
SOURCE: OP:002
SOURCE: QS LAP 18—Make It Happen

69. B
Make them competitive with similar products. Updating or altering an existing product is a good way to compete effectively with similar products produced by other companies. Changing products is usually much less expensive than creating new products. Updated or altered products are not new products but new versions of old products. Changing products does not help the business to plan quantities since it does not know how well the revised product will sell. Being able to use a known production process would not be a valid reason for updating or altering products.
SOURCE: OP:017
SOURCE: OP LAP 4—Can You Make It? (Nature of Production)

70. C
Process orientation. Process orientation is a focus on how things are done, rather than just outcomes. It is a central principle of ISO 9000. Lean production is maximizing customer value while minimizing waste. Continual improvement is a focus on increasing efficiency and effectiveness in all areas of the organization. Concurrent engineering is performing the stages of product design and development simultaneously, instead of one after another.
SOURCE: OP:163
SOURCE: OP LAP 8—Take Control (Quality-Control Measures)

71. D
Positioning. Innovation is the lifeblood of business, helping firms to stay competitive and to move forward. There are four specific types of innovation: product, process, positioning, and paradigm. Product innovation involves the development of totally new or improved products. Process innovation involves improving of some aspect of a process (e.g., manufacturing process). Positioning innovation involves identifying new, different ways to position a product or a company. LXT capitalized on positioning innovation by finding a different way to position its audio books in the marketplace. Paradigm innovation is a shift in the way of thinking that causes change.
SOURCE: PD:126
SOURCE: PD LAP 18—Ideas in Action (Innovation Skills)

72. D
Asking questions. Before individuals can make decisions, they need to obtain information about the problem or situation. One way of gathering information is to ask questions of friends, family, coworkers, or supervisors. Asking questions enables individuals to gather additional information that may be useful in helping them to make good decisions. Watching movies, writing letters, and reading novels are not ways of obtaining information to use in decision making.
SOURCE: PD:017
SOURCE: PD LAP 10—Weigh Your Options (Decision Making in Business)
73. B
Increased stress. Stress is a mental or emotional feeling of pressure or tension. Employees who do not manage their time effectively often experience increased levels of stress. They find that they do not have the time to complete their tasks at work, and feel overwhelmed and under pressure to get everything done. The stress may follow them home and impact on their relationships with family and friends. Employees who are unable to effectively manage their time often experience increased pressure and tension, and decreased self-esteem.
SOURCE: PD:019
SOURCE: PD LAP 1—About Time (Time Management)

74. A
Leaving blank spaces. When completing an employment application, you should answer all the questions and fill in all the blanks. If the question does not pertain to you, write "NA" for not applicable. If you do not know the answer, write "unknown." By filling in all the spaces, you indicate to the employer that you have read all the questions even if you don't have the answers. Employment applications usually require your signature. You should always specify the job for which you are applying and provide exact data on the employment application.
SOURCE: PD:027

75. A
Interest the employer in interviewing you. The purpose of a letter of application is to catch the interest of the prospective employer so that you will be called in for a personal interview. Few employees are hired without a personal interview. The letter of application should tell the employer how you found out about the job, but that is not a basic purpose of the letter. The letter should touch on your work history and job skills, but the complete details should be presented in your résumé.
SOURCE: PD:030

76. A
Connect with others who might help them accomplish professional goals. People engage in networking activities by communicating with customers, friends, family, teachers, and former coworkers. Networking often provides people with information regarding work-related opportunities, such as job openings. Although networking is often used to develop a list of sales prospects and contacts, many people are not involved in selling activities in their occupation. Career-networking activities are primarily used to improve or enhance work-related situations rather than social standing. Obtaining letters of recommendation is often a result of networking activities. However, it is not always the primary reason why people network.
SOURCE: PD:037

77. C
Competitive. When a similar product is offered by other businesses, a business needs to be aware of the prices of those businesses. If not, the business will probably lose customers because it is not competitive. Businesses must be willing to adjust their prices, depending on the circumstances faced by the business. Changes in the economy, demand, and other factors can affect pricing.
SOURCE: PI:001
SOURCE: PI LAP 2—The Price is Right (Nature of Pricing)
78. A
Below-cost pricing. When a company prices its products below cost, it makes it difficult for other companies to compete with the low prices, which they cannot afford to charge, and might eventually force them out of business. To prevent this situation from happening, many governments have laws that make it illegal for businesses to use below-cost pricing. When a business charges one price for all items it sells, it is using a one-price policy. Price skimming is a pricing strategy that involves setting prices higher than those of the competition. Markup is the difference between the cost of a product and its selling price.

SOURCE: PI:017

79. A
Improve existing products. As a result of advances in technology, new materials and operating techniques have been developed. These materials and techniques have made it possible for businesses to improve existing products. This impacts the product/service management function because it enables businesses to extend the life of existing products and keep them on the market. Businesses have found that it is usually less expensive to update existing products than to develop entirely new products. Advances in technology are allowing businesses to do this. Advances in technology often help to reduce human errors but cannot completely eliminate them. Advances in technology often make production systems more complex because they rely on complicated computer systems. Businesses are not able to control customer preferences.

SOURCE: PM:039

80. D
Anywhere there is an un- or under-met need. People can recognize unmet or under-met needs wherever they are. This could be at work or where they are enjoying their hobbies. When people have their needs satisfied, product opportunities don't exist. It's when there's a problem or situation that isn't being taken care of that people can find product opportunities.

SOURCE: PM:134

81. D
Market opportunity. When a situation exists to fulfill a market's unmet needs, there is a market opportunity. Entrepreneurs and businesses use creative-thinking techniques during the product-development process, which involves finding ways to take advantage of the market opportunity that presents itself. Mind mapping is a creative-thinking technique that involves generating ideas by making associations. To begin the mind-mapping process, you write the problem or market opportunity in the center of a large sheet of paper. From that starting point, you draw lines to other words or phrases that relate to the main idea (problem, or market opportunity), and continue the process by making associations, which generates ideas and identifies possible solutions. The mind-mapping starting point does not begin by writing down supporting facts or primary associations. A situational analysis is a determination of a firm's current business situation and the direction in which the business is headed.

SOURCE: PM:127
SOURCE: PM LAP 11—Unleash Your Oh! Zone (Techniques for Generating Ideas)

82. C
False; implied warranties are valid. There was a time when only express warranties held up in court, but today's courts recognize implied warranties as valid. Express warranties are warranties that are in writing or expressed verbally.

SOURCE: PM:020
SOURCE: PM LAP 4—Promises, Promises (Warranties and Guarantees)
83. A
Positioning. Positioning is a product-mix strategy in which a business creates a certain image or impression of a product in the minds of consumers. Businesses must determine the best position to seek for their products because correct positioning is necessary to sales and profits. Positioning can make or break a business's product mix. Contraction is a product-mix strategy in which a business removes, or deletes, product items or product lines from its product mix. Alteration is a product-mix strategy in which a business makes changes to its products or product lines. Expansion is a product-mix strategy in which a business expands its product mix by adding additional product items or product lines.
SOURCE: PM:003
SOURCE: PM LAP 3—Mix & Match (Nature of the Product Mix)

84. B
Subhead. A subhead, or subheadline, adds information to that expressed in the headline. It is usually positioned below the headline and set in slightly smaller size type. The tag line is a slogan used in an advertisement. It may be part of the identification element, the part of the ad that identifies the product's brand or advertiser. White space is the blank space in a print advertisement that is unoccupied by text or illustrations.
SOURCE: PR:014

85. D
To differentiate their products. Companies want their products to be perceived as different from those of other companies. They can do this through the use of brands. Charging higher prices and encouraging materialism are seen by consumers as negative aspects of brands. Creating an appealing brand often requires creativity, but demonstrating creativity is not a purpose of using brands.
SOURCE: PM:021
SOURCE: PM LAP 6—It's a Brand, Brand, Brand World! (Nature of Product Branding)

86. B
Direct sales. Touchpoints are the interactions that customers have with the business, and they can be divided into three categories: pre-purchase, purchase, and post-purchase experiences. Direct sales would occur during a purchase experience. Other examples of purchase experience touchpoints are physical stores and contact with customer representatives. Word-of-mouth is an example of a pre-purchase touchpoint. Customer satisfaction surveys, and warranty programs are examples of post-purchase experience touchpoints.
SOURCE: PM:207

87. D
Demand. Demand for certain products tends to change with the seasons, such as air conditioners for summer. This means that Tim needs to adjust his promotion to meet this change. Technology deals with technological developments, not demand for a product. Legal and political factors deal with government regulations and restrictions, not demand for a product. Cultural and social trends deal with changes in attitudes, lifestyles, and tastes of the consumers, not demand for a product.
SOURCE: PR:001
SOURCE: PR LAP 2—Razzle Dazzle (Nature of Promotion)

88. A
Persuade consumers to buy a particular good or service. Product promotion is used to stimulate consumer purchases of goods or services. Showing the company's commitment to technology or research, informing consumers about the company, and changing a particular attitude toward a firm or its product are goals of institutional promotion.
SOURCE: PR:002
SOURCE: PR LAP 4—Know Your Options (Types of Promotion)
89. D
Advertising. Advertising is any paid form of nonpersonal presentation of ideas, images, goods, or services. It is the most visible element of the promotional mix because it can be delivered to a wide range of consumers through a variety of mass media. Sales promotion includes promotional activities other than advertising, personal selling, and publicity that stimulate consumer purchases. Publicity is any nonpersonal presentation of ideas, goods, or services that is not paid for by the company or individual which benefits from it. Personal selling is the form of promotion that uses planned, personalized communication in order to influence purchase decisions and enhance future business opportunities.
SOURCE: PR:003
SOURCE: PR LAP 1—Spread the Word (Nature of the Promotional Mix)

90. A
Odds of winning. In order to operate ethically, businesses that sponsor sweepstakes and contests are required to inform potential participants about the odds of winning. By providing this type of information, businesses are not misleading or deceiving customers about the possibility of winning. Customers have the right to know what their chances of winning are in order to decide if they want to participate. A rebate is a return of part of the price a customer pays for a good or service. A coupon is a certificate or part of a printed advertisement entitling the holder to a reduced purchase price. A sample is a small amount of a product.
SOURCE: PR:099

91. B
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

92. D
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)

93. C
Sharing. Viral marketing is a promotional tactic that involves sending or forwarding promotional messages over the Internet (e.g., email, social-media websites, and blogs) to generate buzz about a brand, company, or product. Marketers often use humor, incentives, events, spoofs, videos, and other unusual techniques to spark conversations and encourage people to share their messages with others. It is important for marketers to prepare (stage) and manage the message content; however, staging, managing, and manipulating are not the primary goals of viral marketing.
SOURCE: PR:247
94. C
Newsletters, annual reports, and the company’s website. 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 website, 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

95. A
Emotions. Successful positioning appeals to customers’ emotions. It connects with their feelings rather than just their logical or rational thoughts. Positioning is not a tangible experience that involves the five senses. A product may be positioned as a “value item,” or a way for customers to save money, but not all successful positioning depends on this desire.

SOURCE: PM:042
SOURCE: PM LAP 19—Getting Piece of Mind (Factors Used to Position Products/Services)

96. D
Create desire for products. Through the selling process, salespeople are often able to create desire for products by demonstrating the features and benefits of goods or services. By presenting the features and benefits, salespeople can explain to customers how the particular products will satisfy their wants and needs. As a result of creating desire, salespeople are often able to sell the product. Demonstrating the features and benefits of goods or services does not add usefulness to products, develop new and improved products, or provide jobs for more employees.

SOURCE: SE:017
SOURCE: SE LAP 117—Sell Away (The Nature and Scope of Selling)

97. A
Leads to repeat business. A company's clientele consists of a body of customers upon which the organization can rely for significant repeat business. These are the customers who return to shop regularly. Other benefits of building a clientele include reduced selling costs, increased sales volume, and personal satisfaction. A loyal clientele does not change the business's image, provide it with a source of workers, or attract well-to-do customers.

SOURCE: SE:828
SOURCE: SE LAP 115—Keep Them Loyal (Key Factors in Building Clientele)

98. A
Buyers avoid doing business with unethical salespeople. Unethical salespeople often lose customers and create a negative image of their company. Making erroneous statements about competitors or bending the truth to make a sale are typical examples of unethical sales practices. Sales managers must monitor the practices of their sales staff because they are ultimately responsible for the actions and claims of their staff.

SOURCE: SE:106
SOURCE: SE LAP 129—Keep It Real—In Sales (Legal and Ethical Considerations in Selling)
99. B
Unfair trade. Activities such as stealing a competitor's trade secrets, or attempting to get a competitor's customer to breach a contract, are considered unfair trade practices and are illegal practices in many countries. Consumer protection laws address issues such as product safety, consumer credit, and warranties.
SOURCE: SE:108

100. A
Customers. Restaurant customers are often an important source of product information because they have tasted and eaten the menu items. Servers can ask customers if they enjoyed the new menu item and if they would order it again. Customers are usually willing to tell a server if the item was good or if they did not like it and why. Servers can use this information when selling the new menu item to other customers. Suppliers might have information about the various ingredients but not about the taste of a new menu item. The cooks would have an opinion, but it might be biased because they made the menu item. Friends would be able to provide the information only if they were customers.
SOURCE: SE:062
SOURCE: SE LAP 131—Get Informed (Acquiring Product Information for Use in Selling)