INSTRUCTIONS: This is a timed, comprehensive exam for the occupational area identified above. Do not open this booklet until instructed to do so by the testing monitor. You will have ______ minutes to complete all questions.

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1. What type of property is a business protecting when it registers its trademark?
   A. Administrative  C. Statutory
   B. Tangible  D. Intellectual

2. Quantex is organized as a partnership with eight equal partners. The partners would like to expand their business but limit the amount of money they could personally lose if the business were to fail. What form of ownership should Quantex consider?
   A. Corporation  C. Monopoly
   B. Sole proprietorship  D. Partnership

3. Which of the following is NOT a condition that must exist for channels to be effective:
   A. They must be properly managed.
   B. They must have at least five members.
   C. Channel members must share common goals.
   D. Channel members must share tasks appropriately.

4. When farmers sell their own crops at roadside stands on their farms, they are using a(n) __________ channel of distribution.
   A. direct  C. long
   B. indirect  D. intermediary

5. Technology has helped improve the distribution process by utilizing __________ among channel members.
   A. automated scheduling  C. integrated information sharing
   B. electronic receiving  D. audiovisual programming

6. Which of the following is an example of a business coordinating distribution with the marketing function of promotion:
   A. Making sure products are in stock before advertising a sale
   B. Writing a news release to announce a new product line
   C. Organizing a contest to attract customers to the business
   D. Placing an advance order to obtain a seasonal discount

7. Which of the following techniques would help the salesperson to understand and follow the manager’s instructions about operating the cash register:
   A. Watching other employees  C. Looking interested
   B. Interrupting whenever necessary  D. Asking appropriate questions

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

9. Which of the following is the primary reason that employees who answer a business’s telephone should try to connect each call correctly:
   A. To demonstrate their telephone skills  C. To handle the minimum number of calls
   B. To keep from putting callers on hold  D. To give good customer service

10. Why do businesses often make it possible for employees to meet during work time and participate in group discussions?
    A. To plan extracurricular activities  C. To share many different opinions
    B. To discuss personal issues  D. To have casual conversations

11. To help her remember the most important points of her business presentations, Isabella likes to use
    A. storyboards.  C. note cards.
    B. flash cards.  D. memo boards.
12. Written communications in business should
   A. use long, informative sentences.  C. use technical language.
   B. be clear and easy to understand.  D. be totally impersonal.

13. What is a technique that often helps businesspeople to write effective business letters?
   A. Preparing outlines  C. Developing charts
   B. Consulting references  D. Asking questions

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

15. One way that employees can provide efficient, quick service to customers is by being
   A. aggressive.  C. detached.
   B. forceful.  D. organized.

16. Businesses that interpret their policies to customers in an effective manner are better able to
   A. control expenses.  C. eliminate questions.
   B. build a clientele.  D. understand customers.

17. Which of the following is the best way to handle dishonest customers:
   A. Mirror their behavior.
   B. Explain and demonstrate good service as many times as you need to.
   C. Never press for sales or decisions.
   D. Don't jump to quick conclusions.

18. Contact lenses purchased by an individual are an example of a(n) ________ good.
   A. scarce  C. consumer
   B. intangible  D. capital

19. Which of the following has inelastic demand:
   A. Bread  C. Movie tickets
   B. Ice cream  D. Television sets

20. John, a farmer, learned prior to the planting season that the price of wheat had increased relative to the price of corn. To gain the greatest profit, John should plant
   A. more corn than wheat.  C. more wheat than corn.
   B. all corn and no wheat.  D. an equal amount of corn and wheat.

21. Operations management is demonstrated in which of the following phrases:
   A. Producing goods and services  C. Planning for future success
   B. Keeping accurate financial records  D. Hiring qualified employees

22. Obsolescence, a change in local conditions, and government spending policies are examples of business risks that are classified as
   A. transferable.  C. natural.

23. A store manager decides that employees' job duties will be broken down in the following manner—salespeople, cashiers, display workers, and stockpeople—each with specific duties. This is an example of specialization by
   A. trade or profession.  C. use of resources.
   B. stage of production.  D. task.
24. A group of workers who have joined together for a common purpose is called a(n)
   A. federation.  C. labor union.
   B. union shop.  D. agency shop.

25. When meeting with businesspeople from other countries, it is important to understand social differences, such as bowing, handshaking, and spatial comfort, which are often called
   A. mixed messages.  C. language barriers.

26. Visualizing yourself as you would like to be is a technique that
   A. is seldom rewarding.  C. takes time and practice.
   B. does not work well.  D. is quick and easy to learn.

27. How does exploring different kinds of activities help to define your own personality?
   A. It helps you to determine what you prefer.
   B. It helps you to motivate others.
   C. It helps you to keep friends.
   D. It helps you to accomplish more than other employees.

28. Which of the following would be an instruction that promotes responsible behavior by employees:
   A. Try to hide your serious mistakes.
   B. You can ignore the company’s unwritten rules.
   C. Know your job tasks, and perform them well.
   D. Try to avoid asking questions.

29. Getting a good recommendation as an honest employee is most likely to help a worker to
   A. learn technical skills.  C. select career goals.
   B. make a job change.  D. work without supervision.

30. Which of the following is the best approach to solving most problem situations:
   A. Take plenty of time to handle the problem.
   B. Wait until the problem solves itself.  C. Act as quickly as possible.
   D. Get as much advice from others as you can.

31. Admitting that you made a mistake can be difficult because making a mistake is so
   A. predictable.  C. ordinary.
   B. common.  D. embarrassing.

32. Your ability to empathize with someone else is limited by the number/nature of your experiences and by your
   A. physical traits.  C. self-understanding.
   B. job training.  D. job skills.

33. Which of the following techniques helps to build trust in negotiations:
   A. Share information that may be threatening  C. Always have an answer ready
   B. Provide a lot of documentation  D. Show respect by actively listening

34. One of the most important ingredients for improving your human relations skills is
   A. external factors.  C. aggression.
   B. determination.  D. defensiveness.

35. One of the reasons that businesses and consumers use credit is because it provides
   A. convenience.  C. interest.
   B. reassurance.  D. collateral.
36. Of the following investments, which can bring roller-coaster ups and downs:
   A. Savings accounts  C. Money market accounts
   B. Bonds  D. Stocks

37. Businesses often gather the information they need quickly by
   A. accessing the Internet.  C. preparing research reports.

38. A business is planning a sale and needs to know what sales were for a particular weekend in the
   previous year. Which of the following accounting records would provide this information:
   A. Income statement  C. Bank statement
   B. Disbursement journal  D. Sales journal

39. A business's balance sheet lists $4,150 in cash, $12,560 in accounts payable, $2,200 in taxes, $18,475
   in machinery and equipment, and $3,025 in interest payable. Calculate the business's total liabilities.
   A. $24,535  C. $21,500
   B. $15,150  D. $17,785

40. What a business earns from the sale of goods and services is
   A. net income.  C. capital.
   B. profit.  D. revenue.

41. Why is it important for businesses to understand the legal considerations for finance?
   A. To avoid penalties  C. To reduce expenses
   B. To manage budgets  D. To compensate employees

42. In business, budgets are prepared for a specific time period, usually a
   A. calendar year.  C. quarter at a time.
   B. fiscal year.  D. month at a time.

43. One way that the use of computer technology benefits human resources management is by
   A. developing valuable feedback.  C. quickly organizing the work load.
   B. speeding up the interviewing process.  D. electronically processing information.

44. What is one way that a business might use marketing information?
   A. To calculate statistics  C. To develop new products
   B. To interpret findings  D. To identify new vendors

45. Your company wants to find out why sales are declining at one of its three locations. As a marketing
    specialist, you think the reason may be that some customers have moved out of the area. To support
    your idea, a popular source of information you use is
   A. primary data from a survey.  C. secondary data from company records.
   B. secondary data maintained in libraries.  D. primary data from a marketing-research firm.

46. A major credit-card company has hired a marketing-research firm to conduct a survey regarding the use
    of consumer credit. Would it be considered ethical to use the database information collected in a direct
    marketing campaign?
   A. Yes, the consumers know surveys are just a way to get information for advertising.
   B. No, businesses should not undertake any nonresearch activities involving data collected.
   C. No, the database is probably not a reliable source of marketing information.
   D. Yes, the credit-card company paid for the research and should be able to use it any way it wants.

47. What is a company's private computer network that allows authorized users to share information?
   A. Internet  C. E-mail
   B. Intranet  D. Extranet
48. Which of the following affects the amount of data that will be collected in a marketing-research project:
   A. The reliability of the available data
   B. The preferences of the researcher
   C. The method of data analysis to be used
   D. The amount of objectivity desired by the business

49. One reason why marketing-information managers often monitor their competitors' web sites is to
   A. obtain data about new products.  
   B. identify inventory turnover rates.  
   C. review current sales records.  
   D. analyze regional economic factors.

50. During which of the following steps do researchers transfer coded questionnaire data to the computer:
   A. Discarding  
   B. Analyzing  
   C. Reviewing  
   D. Transcribing

51. A business that conducts research and finds that most of its customers visit the business four times a week has identified the
   A. range.  
   B. median.  
   C. mean.  
   D. mode.

52. A written explanation of a proposed research project is an example of a
   A. report outline.  
   B. study guide.  
   C. research brief.  
   D. learning tool.

53. Researchers assess the timeliness of marketing information to make sure that the information is
   A. unbiased.  
   B. complete.  
   C. reliable.  
   D. credible.

54. Which of the following research methods is appropriate when a business wants to obtain in-depth, qualitative information from a few customers:
   A. Unsolicited e-mail  
   B. Personal interview  
   C. Fax surveys  
   D. Structured observation

55. If a business lowers the price of a product for the purpose of taking business away from competitors, the result of this action often is a(n)
   A. increase in profit.  
   B. gain in market share.  
   C. decrease in cost.  
   D. reduction in staff.

56. The owner of a real estate firm wants to increase housing sales next year by 15% over the current year. What element of marketing would be involved in attaining this goal?
   A. Place  
   B. Promotion  
   C. Price  
   D. Product

57. A large discount chain announced plans to open a business in a new city whose businesses adjusted their sales forecasts because of the _________ change.
   A. market  
   B. population  
   C. economic  
   D. competitive

58. The capability of combining graphics, text, animation, and sound is a unique characteristic of _________ software programs.
   A. numeric  
   B. communication  
   C. presentation  
   D. electronic

59. Businesses often use spreadsheet software programs to analyze their
   A. personnel records.  
   B. operating expenses.  
   C. technical reports.  
   D. advertising plans.
60. Copyrights and trademarks are examples of a business's __________ records.
   A. private  C. legal
   B. government  D. political

61. Businesses usually maintain customer sales records that contain information about the
   A. types of products being purchased.  C. cost of paying commissioned salespeople.
   B. discounts offered by manufacturers.  D. suppliers that provide the goods.

62. The growth of e-commerce is changing the way companies do business by allowing them to
   A. place high prices on their products.  C. be accessible to customers at all times.
   B. communicate with similar organizations.  D. reduce the services they provide customers.

63. Businesses often maintain records about vendors' pricing, delivery terms, and credit policies and use the
   information in the records to
   A. negotiate higher discounts.  C. monitor inventory levels.
   B. award purchasing contracts.  D. follow safe shipping procedures.

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

65. Which of the following is a true statement about safety hazards in the workplace:
   A. Trial and error is a good way to learn use of tools and equipment.
   B. Good housekeeping increases safety hazards.
   C. Employees decide which protective clothing they should wear.
   D. Personal habits can create safety hazards.

66. Which of the following is an activity that will help businesses keep the working environment safe for
   employees:
   A. Do preventive maintenance  C. Offer medical training
   B. Hire a cleaning company  D. Purchase liability insurance

67. If a business considers possible future problems during the process of developing a project plan, the
   business might be able to
   A. negotiate contracts.  C. control costs.
   B. schedule employees.  D. eliminate resources.

68. Why is it important for management to evaluate project results?
   A. To identify and solve problems  C. To plan goals and objectives
   B. To organize materials and supplies  D. To schedule time and employees

69. Purchasing can help manufacturing businesses to sharpen their competitive edge by
   A. promoting products to customers.  C. limiting shipment of goods.
   B. maximizing inventory investment.  D. keeping their prices down.

70. Which of the following is an example of production:
   A. Purchasing food items  C. Reading a new novel
   B. Providing home security  D. Answering your home telephone

71. Businesses try to maintain their operating equipment in good condition because major breakdowns could
    cause a business to
   A. close.  C. expand.
72. Which of the following activities would normally be classified as "routine":
   A. Throwing a party          C. Brushing teeth
   B. Paying rent               D. Visiting relatives

73. What do coworkers who are involved in a dispute need to do before they can find a possible solution?
   A. Ignore the situation      C. Contact an arbitrator
   B. Identify the problem      D. Negotiate a settlement

74. Which of the following is an example of an employee making good use of free time during the business day, while on a flight to a sales meeting:
   A. Reading business reports  C. Watching an in-flight movie
   B. Taking a short nap         D. Listening to recorded music

75. Austin has discovered that he has the ability and aptitude for communications and public relations. Since he enjoys talking in front of people and is very at ease when doing so, he has decided that he wants to go into public speaking. Austin has demonstrated
   A. establishing a value system.  C. obtaining feedback from others.
   B. helping to understand other people.  D. choosing an appropriate career.

76. Determine the meaning of the following want ad: F/T Mgr. needed Immed. Two Yrs. Exp. Req. EOE
   A. For trade. Manager needed immediately. Two-years' experience requested. Experience on equipment.
   B. Full-time manager needed immediately. Two-years' experience required. Equal opportunity employer.
   C. Fast-track manager needed immediately. Two-years' experience requested. Enlist only extras.
   D. Fully talented manager needed immediately. Two-years' experience required. Educated only eligible.

77. Which of the following skills will most likely help a person to obtain a better job in the field of marketing and advertising:
   A. Good interpersonal skills          C. Management skills
   B. Ability to use technology         D. Ability to negotiate

78. A business that sells inexpensive goods probably would use which of the following promotional media:
   A. Television                   C. DVDs
   B. Radio                       D. Magazines

79. Computers have given marketers the ability to calculate pricing functions such as break-even points and elasticity of demand by using __________ programs.
   A. communication              C. presentation
   B. word-processing            D. spreadsheet

80. Many food products carry labels that show the U.S. Recommended Daily Allowances, or RDAs. RDAs help consumers to
   A. plan healthy meals.         C. reduce cholesterol.
   B. be better cooks.           D. lose weight.

81. What technological advancement has had the greatest impact on the travel, hospitality, recreation, and insurance industries?
   A. Electronic key card          C. Internet
   B. Fax machine                 D. Interactive television

82. Marketable goods and services are often developed because an existing problem needs to be
   A. created.                    C. solved.
   B. provoked.                  D. protected.
83. Lakeview Manufacturing produces canned tuna fish for consumers and pets. After the company decided to expand its market to three additional states, it discovered that the pet products were labeled incorrectly. They had been packaged and distributed as consumer products. To correct this problem, which of the following actions should the company take:

A. Product liability  
B. Product recall  
C. Guarantee  
D. Warranty

84. A business might use product bundling strategies when it wants to

A. deplete slow-moving items from its inventory.  
B. lower its advertising expenses and publicity efforts.  
C. build ongoing relationships with its customers.  
D. substitute brand products with generic items.

85. One reason why manufacturers of retail products use brand names is to

A. explain preparation methods.  
B. describe positive benefits.  
C. develop trade characters.  
D. create favorable impressions.

86. Corporate brands are built on all the associations and experiences

A. businesses have about and with each other.  
B. consumers have toward a business or product.  
C. companies have about other industries.  
D. consumers have about things they want to buy.

87. A company sponsors an advertisement on local television, highlighting the importance of parents reading to their children. This is an example of what type of institutional promotion?

A. Public-service  
B. Patronage  
C. Primary  
D. Public-relations

88. Businesses often encounter ethical problems when deciding how to promote

A. controversial products.  
B. legitimate services.  
C. staple goods.  
D. social causes.

89. What do advertising regulations usually require businesses to disclose about the products they advertise?

A. Endorsements  
B. Personal benefits  
C. Limitations  
D. Hidden features

90. Which of the following is likely to happen when a business doesn't have an adequate supply of the products it selects to promote:

A. Customers will think they have been cheated.  
B. The business may increase its profits.  
C. The business will enhance its image.  
D. Customers may ignore future promotions.

91. What is the type of copy used in the following print ad: Clearance Sale—Over 50% Off! Come On In And Shop Today At Mr. B's Warehouse. Where The Whole Family Can Enjoy Brand Names For Less.

A. Action  
B. Claims  
C. Comparisons  
D. Endorsement

92. One reason why it is important to coordinate the headline and illustrations in an advertisement is to make the reader

A. want to read the message.  
B. appreciate the style of layout.  
C. understand the company name.  
D. aware of the cost involved.

93. One reason why it is important for businesses to use public-relations activities to reach external audiences is to

A. sell useful products.  
B. pass on positive information.  
C. measure the community response.  
D. compile customer databases.
94. Many businesses that have a small sales staff and a limited advertising budget often consider it worthwhile to
   A. develop television commercials.  C. sponsor major sporting events.
   B. participate in trade shows.  D. buy space on billboards.

95. One of the disadvantages of word-of-mouth advertising is that businesses usually have
   A. low risks.  C. extensive input.
   B. high costs.  D. limited control.

96. Which of the following is a customer-relations factor that often keeps customers coming back to a business:
   A. Low prices  C. Goodwill
   B. Location  D. Credit terms

97. Which of the following is an example of price discrimination:
   A. Offering substantial discounts to buyers of large quantities of a certain product
   B. Selling the same quantity of the same product to different customers for different prices
   C. Asking a company for a price break on products at the end of the regular season
   D. Buying products from one company that are available for a lower price from another company

98. Salespeople are often better able to answer customers’ questions about the business’s products if they regularly read
   A. economic reports.  C. company promotions.
   B. consumer magazines.  D. marketing textbooks.

99. What could a salesperson for a convention hotel use to sell the features and benefits of the hotel’s meeting facilities?
   A. Vendor specifications  C. Customer testimonials
   B. Employee evaluations  D. Management objectives

100. Which of the following types of products usually require the least effort for salespeople to sell:
   A. Tangible  C. Optional
   B. Expensive  D. Intangible
1. D
Intellectual. Many businesses own both tangible and intangible property. Intellectual is a type of intangible property because it is not capable of being detected through the senses. Examples of intellectual property include trademarks and trade names such as Xerox and M&M's. Businesses usually register their trademarks in order to legally protect them from being used or copied by other businesses. Tangible property is capable of being touched, smelled, tasted, seen, or heard, such as office equipment. Statutory and administrative are not types of property.
SOURCE: BL:001

2. A
Corporation. A corporation would benefit the partners by allowing them to have limited liability and greater financial power by issuing stock. A partnership is a form of business ownership in which the business is owned by two or more persons who combine the capital, but the partners have unlimited financial liability. A sole proprietorship is a form of business ownership in which the business is owned by one person who has limited capital and unlimited liability. A monopoly is a condition in which a market is controlled by one supplier, and there are no substitute goods or services readily available.
SOURCE: BL:003
SOURCE: BA LAP 7—Own It Your Way

3. B
They must have at least five members. To be effective, channels must be properly managed, channel members must share common goals, and channel members must share tasks appropriately. Channels can be effective no matter how many members they have.
SOURCE: CM:001
SOURCE: CM LAP 2—Chart Your Channels (Channel Management)

4. A
Direct. Any time a manufacturer or producer markets his/her goods directly to the final user or consumer, a direct channel of distribution is being used. An indirect channel is longer than a direct channel because products move to one or more intermediaries before moving on to the consumer. Intermediaries include sales agents, brokers, wholesalers, and retailers who perform specific functions in the movement of products.
SOURCE: CM:003
SOURCE: CM LAP 1—Channel It (Channels of Distribution)

5. C
Integrated information sharing. Integrated information sharing allows near-instantaneous computer decisions related to market information, customer information, supply and inventory information, etc. The combination of all available information allows for more efficient supply-chain management. Electronic receiving, automated scheduling, and audiovisual programming do not improve the distribution process. In fact, the receiving process involves having employees check deliveries, and deciding when deliveries are scheduled.
SOURCE: CM:004
6. A
Making sure products are in stock before advertising a sale. It is important for businesses to coordinate distribution with the marketing function of promotion because products must be in stock and available to sell when they are advertised. Businesses that are planning to advertise a sale must first make sure the products are in stock. If customers visit a business to buy products that are not available, they may become irritated with the business and go elsewhere to buy. Promotion includes writing a news release to announce a new product line, and organizing a contest to attract customers to the business. However, these activities do not involve distribution. Placing an advance order to obtain a seasonal discount is a distribution function, but it does not involve promotion.

SOURCE: CM:007

7. D
Asking appropriate questions. A technique for effective listening that helps employees to follow directions is asking questions to clarify instructions. Asking questions helps keep the listener involved and lets the speaker know if the listener understands the message. Interrupting is a barrier to effective listening. Watching other employees during the instructions and looking interested would not help the employee to learn.

SOURCE: CO:119

8. C
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

9. D
To give good customer service. Customers who call businesses often become irritated if they are not connected to the correct person or office the first time. Being transferred several times in order to do business with the company may cause customers to hang up and not contact the business again. In some situations, it is necessary to put callers on hold before they can be connected to the appropriate individual or department. Demonstrating telephone skills and keeping the number of calls handled to a minimum are not valid reasons for connecting calls correctly.

SOURCE: CO:114

10. C
To share many different opinions. Many businesses encourage employees to participate in group discussions to analyze problems and find solutions. The advantage is that when employees share many different opinions, there is an increase in the chance of developing useful recommendations. However, for the group discussions to be useful, all members must feel comfortable and be willing to express their opinions. Businesses do not make it possible for employees to participate in group discussions to discuss personal issues, to plan extracurricular activities, or to have casual conversations.

SOURCE: CO:053
11. C
Note cards. Speakers often write brief notes on small cards to help them remember to discuss important points they want to present to the audience. Flash cards contain important information; however, they are most often used to help someone study or retain information for a test or exam. Storyboards are pieces of paper with frames containing script information for television or radio commercials. People place important information that they need to remember on memo boards. Memo boards are often placed near workstations or telephones, and are not tools that speakers use during a presentation.


12. B
Be clear and easy to understand. The receiver cannot always ask the writer questions; therefore, written communications should be concise and clearly stated. They should get quickly to the point by using short and simple sentences. The written copy should only contain technical language when it is appropriate and will be understood by the receiver. Most business writing tends to be impersonal, but it is not necessary to be totally impersonal.


13. A
Preparing outlines. Businesspeople often are expected to write business letters on a regular basis. One technique that helps them to write effective business letters is to first prepare an outline. An outline is a general plan giving only the main points to be covered. Preparing an outline helps businesspeople to decide exactly what they want to say in the letter and to organize their thoughts. Businesspeople then can use the outlines to write effective letters. Businesspeople usually do not ask questions, consult references, or develop charts in order to write effective business letters.


14. C
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. D
Organized. Employees should always be well organized and prepared to provide customer service in a quick, convenient manner. Customers don't have a lot of time to waste. They expect employees to be knowledgeable about company goods and services, organized, and ready to work. Being organized will help employees to focus on serving customers. Employees should not be forceful or aggressive when dealing with customers. Employees who are detached give the impression of not caring about customers.

16. B
Build a clientele. A main reason to interpret policies is to have satisfied customers. Satisfied customers are more likely to become loyal customers and to tell their friends and family about the business. Businesses often encourage their customers to ask questions. Interpreting policies effectively is not related to controlling expenses or understanding customers.
SOURCE: CR:007

17. D
Don't jump to quick conclusions. Don't jump to conclusions when dealing with dishonest customers. Remember that compromising and negotiating are part of normal procedure in serving customers. Explaining and demonstrating good service as many times as you need to is the best way to deal with suspicious customers. Never pressing for sales or decisions is the best way to deal with leave-me-alone customers. Mirroring behavior is the best way to deal with slow/methodical customers.
SOURCE: CR:009
SOURCE: EI LAP 1—Making Mad Glad

18. C
Consumer. These are products that are purchased and used by consumers. Capital goods are manufactured or constructed items that are used to produce goods and services. Contact lenses are not really in limited supply; therefore, they would not be classified as scarce. Contact lenses are tangible rather than intangible items.
SOURCE: EC:002
SOURCE: EC LAP 10—Get the Goods on Goods and Services (Goods and Services)

19. A
Bread. A product has inelastic demand when the demand for it remains the same regardless of increased prices. Products with inelastic demand will be purchased even when their prices are increased. Movie tickets, television sets, and ice cream are considered luxury products and are said to have elastic demand. The demand for these products will go down as their prices are increased.
SOURCE: EC:005
SOURCE: EC LAP 11—It's the Law (Supply and Demand)

20. C
More wheat than corn. Because John can sell wheat at a higher price relative to corn, it would be a greater incentive for him to plant more wheat than corn because he will earn more profit. Planting an equal or lesser amount of wheat than corn will generate less profit if John can sell wheat at a higher price.
SOURCE: EC:006

21. A
Producing goods and services. Producing goods and services is a primary aim of operations management. Keeping accurate financial records is part of financial analysis. Planning for future success is part of strategic management. And, hiring qualified employees is part of human resources management.
SOURCE: EC:071
SOURCE: EC LAP 19—Strictly Business (Business Activities)
22. **D**

Economic. Obsolescence, a change in local conditions, and government spending policies are types of economic risks. These risks can force a lowering of prices, change of products, or even failure of businesses. Human risks are those risks caused by human weakness and unpredictability. Natural risks result from natural causes such as floods, tornadoes, fires, lightning, earthquakes, or perishability. Risks are considered transferable when the business can protect itself by buying insurance.

**SOURCE:** EC:011
**SOURCE:** EC LAP 3—Lose, Win, or Draw (Business Risk)

23. **D**

Task. Specialization by task occurs when workers perform only one small part of the total job. Specialization by stage of production occurs when more than one stage of production is needed to change a raw material into a finished product. Specialization by trade or profession refers to the type of work performed in order to earn a living. Specialization by use of resources refers to natural resources, capital goods, and human resources.

**SOURCE:** EC:014

24. **C**

Labor union. A labor union is made up of workers who want to improve the terms and conditions under which they work. A union shop and an agency shop are types of union security agreements. A federation is made up of many national unions.

**SOURCE:** EC:015

25. **B**

Non-verbal cues. Non-verbal communication (body language) involves gestures or facial expressions rather than the use of words. Because different countries have unique cultural and social behaviors, it is important for businesspeople to understand these differences when doing business in other nations. For example, a hand gesture may mean a sign of friendship in one country, but may be a sign of disrespect in another country. One country might bow as a greeting while another country uses a short handshake. In some countries, people tend to stand several feet away from each other when they are speaking, but in other countries they stand very close together when speaking with one another. By not understanding these non-verbal cues, a businessperson can send mixed messages to the person with whom s/he is meeting. Language barriers are problems related to word usage. Non-verbal cues are one element of many human behaviors. Human behaviors also encompass the use of language.

**SOURCE:** EC:045

26. **C**

Takes time and practice. Visualization is the practice of imagining yourself in possession of a present or desired strength. It is not always learned quickly or easily, but it does work well and can be very rewarding.

**SOURCE:** EI:016
27. A
It helps you to determine what you prefer. Taking an interest in different kinds of things and exploring those interests helps people to discover which ones they prefer. People won't become enthusiastic about everything they check out, but the things that do hold their interest will define who they are. Being interested and enthusiastic help people to motivate others, to keep friends, and to accomplish more than other employees.
SOURCE: EI:020

28. C
Know your job tasks, and perform them well. Employees should make every effort to find out exactly what their job responsibilities are and then carry them out to the best of their ability. In order to accomplish this, employees must ask questions and admit their mistakes. Unwritten company rules, as well as written rules, should be followed in order to foster good relations with coworkers and customers.
SOURCE: EI:021
SOURCE: PD LAP 7—Make the Honor Role (Acting Responsibly)

29. B
Make a job change. When an employee can include a letter from a previous employer saying that s/he is an honest worker, it is usually easier for the worker to obtain a job at a new company. A recommendation would not help workers to select career goals and learn technical skills. Being recommended as an honest worker would not mean that a worker could work without supervision in all circumstances.
SOURCE: EI:022

30. A
Take plenty of time to handle the problem. In most cases, it is best to be patient and to take plenty of time to resolve difficult situations, rather than acting too quickly. Some problems do eventually solve themselves, but waiting for that to happen is not recommended. Getting too much advice may just complicate matters.
SOURCE: EI:025
SOURCE: EI LAP 14—Control Yourself! (Demonstrating Self-Control)

31. D
Embarrassing. Mistakes are common, everyday occurrences, and everyone makes them. Even so, we are all embarrassed by them. That makes it hard to admit your mistakes, but learning to do so is very important to personal growth. While we can predict that mistakes will occur, we cannot predict what mistakes will happen.
SOURCE: EI:003
SOURCE: EI LAP 15—Grin and Bear It (Using Feedback for Personal Growth)

32. C
Self-understanding. You must be able to comprehend your own thoughts, attitudes, and actions before you can identify similar qualities in others and empathize with them. The alternatives would not necessarily limit self-understanding or perception of others.
SOURCE: EI:030
SOURCE: EI LAP 12—Have a Heart (Empathy)

33. D
Show respect by actively listening. When negotiating, you often earn the other party's trust by actively listening to their point of view. This shows that you are interested in what is being said and that you want to reach agreement. It is not possible to have an answer for all questions. Documentation will not be convincing if you have not shown yourself to be trustworthy. Threatening people is not an effective negotiation technique.
SOURCE: EI:062
SOURCE: EI LAP 8—Make It a Win-Win (Negotiation in Business)
34. B
Determination. Improving human relations skills requires daily practice. It is an ongoing process. The most important ingredients for success are a positive attitude and personal determination to improve. While external factors may be of concern, intrinsic motivation and attitudes are most significant. Aggression and defensiveness are negative qualities that would hinder effective human relations.
SOURCE: EI:037
SOURCE: EI LAP 5—Can You Relate?

35. A
Convenience. Credit allows businesses and consumers to pay for several different purchases at one time with a single payment. It reduces the need to carry cash and provides the convenience of ordering by telephone. Collateral is anything of value belonging to the borrower which is pledged to the lender to guarantee that the loan will be repaid. Interest is the fee which lenders charge borrowers for the use of credit. Credit does not provide reassurance, or comfort.
SOURCE: FI:002

36. D
Stocks. Savings accounts, money market accounts, and bonds are stable investments that do not go up and down frequently. However, stocks can go up and down often. Stocks can fluctuate dramatically in the short term, and they can also increase (or decrease) significantly in the long term.
SOURCE: FI:077

37. A
Accessing the Internet. The Internet, also sometimes referred to as the Information Superhighway, allows businesses to have access to a tremendous amount of information all at the click of a mouse button. The advantage of accessing the Internet is that businesses can obtain information quickly. However, the virtual glut of information available on the Internet makes it necessary to differentiate between what information is useful and what is not. Hiring qualified librarians to prepare research reports is a time-consuming way of gathering information. Businesses use data-processing systems to interpret and organize information rather than to gather it.
SOURCE: FI:084
SOURCE: BA LAP 2—Risk Management

38. D
Sales journal. The sales journal—either a special book or computer software—records daily receipts and would provide the daily sales figures the business needs. A disbursement journal records daily expenditures. Income statements and bank statements would show total revenues but not accurate figures for specific days.
SOURCE: FI:085
SOURCE: FI LAP 5—Show Me the Money (Nature of Accounting)

39. D
$17,785. A business's balance sheet shows the business's financial condition at a certain point in time. It includes all assets, liabilities, and the owner's equity. Total liabilities, the debts the business owes, include items such as accounts payable, interest payable, taxes, and long-term notes, such as mortgages. Total liabilities do not include cash or machinery and equipment, which are considered assets. To calculate the business's total liabilities, add the figures for accounts payable, taxes, and interest payable ($12,560 + $2,200 + $3,025 = $17,785).
SOURCE: FI:093
40. D
Revenue. Other sources of revenue might include income from investments, interest on bank accounts, or royalties. Profit and net income are synonymous terms referring to what is left over after operating expenses and cost of goods sold are subtracted from revenue. Capital is how much a business is worth.
SOURCE: FI:094
SOURCE: FI LAP 4—Watch Your Bottom Line (Income Statements)

41. A
To avoid penalties. There are laws and regulations governing the finance process that businesses should understand in order to operate legally. These laws and regulations involve credit, reporting and paying taxes, issuing stock, etc. By understanding the legal considerations, businesses can avoid violating the law which also enables them to avoid incurring penalties. Some penalties are significant and can include large fines, restrictions on future operations, or even force the company out of business. Businesses do not need to understand the legal considerations for finance to manage budgets, reduce expenses, or compensate employees.
SOURCE: FI:356

42. B
Fiscal year. Budgets are prepared for a specific time period, usually a fiscal year. A fiscal year may or may not coincide with a calendar year. Budgets then are broken down into smaller time periods, such as quarters and months, so that managers can more easily monitor activity. Although quarters and months are monitored one at a time, the budget is prepared for the entire upcoming year.
SOURCE: FI:106
SOURCE: FI LAP 3—Money Tracks

43. D
Electronically processing information. Human resources management involves gathering and maintaining an enormous amount of information related to employees and their jobs. One way that the use of computer technology benefits human resources management is by electronically processing information. Computer systems are able to store vast amounts of information in databases, allow managers to access and update information when necessary, and organize information according to specific criteria. As a result, fewer employees are needed to process the information and the amount of paperwork is reduced, which saves money for the business. The use of computer technology does not speed up the interview process, quickly organize the work load, or develop valuable feedback.
SOURCE: HR:412

44. C
To develop new products. Businesses often use marketing information to analyze what customers want and need in order to develop new products. Many businesses maintain internal records that indicate the types of products that currently are selling well and to which customers are attracted. Businesses can use this information to develop similar products that will appeal to specific markets. In order to use marketing information, businesses often need to calculate statistics and interpret findings. Businesses do not use marketing information to identify new vendors, although vendors are often a source of marketing information.
SOURCE: IM:012
45. C
Secondary data from company records. Secondary data are facts that have been collected for purposes other than the project at hand. Your company would have already gathered information about population trends before opening its three locations. The company's routine sales reports also would contain information about decreased sales. This data may provide useful information to support your idea that sales are declining at one location because some customers have moved out of the area. A survey is time consuming, costly, and may not give relevant information. Secondary information maintained in libraries is not timely and may not be relevant. Primary data from a marketing firm is expensive and time consuming.
SOURCE: IM:001
SOURCE: IM LAP 2—Marketing-Information Management

46. B
No, businesses should not undertake any nonresearch activities involving data collected. Researchers must not undertake any nonresearch activities such as database marketing involving data about individuals that will be used for direct marketing or promotional activities. Such activities must be organized and carried out in a manner clearly differentiated from research activities. Databases contain reliable information. Consumers expect such information to be used for research rather than advertising. The company should use the information only as intended.
SOURCE: IM:025

47. B
Intranet. An intranet is an organization's private, secure network that allows authorized users to share information while reducing waste of materials, time, and effort. The Internet is a worldwide network of linked computers that allows the transfer of data from one computer to another anywhere in the world. E-mail (electronic mail) is the basic Internet tool for sending messages to other computer users. An extranet is a private network that companies use to share information with selected people outside the organization.
SOURCE: IM:183

48. C
The method of data analysis to be used. If the data will be analyzed by hand, the amount of data must be limited. If the data will be analyzed by computer, the business can collect much more data because computers can analyze large amounts of data very quickly. The data should be collected objectively, whatever the amount. The reliability of the data is determined by whether they give the same results each time, and that cannot be determined until the data have been analyzed. The preferences of the business are a factor, but the preferences of the researcher are not.
SOURCE: IM:010

49. A
Obtain data about new products. A business's web site contains volumes of information designed to attract customers and encourage them to buy. However, this information is also available to competitors. Consequently, marketing-information managers often monitor their competitors' web sites to obtain data about new products that competitors might be selling. This data might indicate the characteristics and features of the products as well as pricing information. Businesses might use this information to develop similar products or to update existing products. Although businesses post a lot of information on their web sites, they usually do not include information about inventory turnover rates, current sales records, or regional economic factors.
SOURCE: IM:184
50. D
Transcribing. Transcribing involves taking the coded information and entering it into the appropriate computer fields so that businesspeople can analyze and review information. Researchers discard incomplete information before entering it into the computer.
SOURCE: IM:062

51. D
Mode. The mode represents the number that occurs the most often. In this example, the mode is four because most of the business’s customers visit the business four times a week. The mean is the average number of times customers visit the business. The median is the middle number which indicates that half of the customers visit more often and half of the customers visit less often. Range is the distance between the fewest number of visits and the most number of visits.
SOURCE: IM:191

52. C
Research brief. This written report is intended to explain the purpose of a proposed research project and why it is important. The brief includes a statement of the problem or issue that needs to be addressed or studied. The goal is to persuade management that the business should spend the necessary time and money to complete the proposed research project. A written explanation of a proposed research project is not an example of a study guide, a report outline, or a learning tool.
SOURCE: IM:290

53. D
Credible. Marketing research that is timely is credible because it is current. Researchers want the information they collect to be credible or believable because that increases the validity of the research. Valid research is based on collecting the most appropriate and up-to-date information available to use in solving a problem or addressing an issue. Researchers also want the information to be complete, reliable, and unbiased. However, that is not the reason for assessing the timeliness of marketing information.
SOURCE: IM:295

54. B
Personal interview. An advantage of conducting personal interviews is that the business can obtain in-depth information from its customers that it may not be able to obtain from other research methods. A personal interview often reveals a customer’s opinions, ideas, and problems, which might not be revealed by using other research methods. Unsolicited e-mail, fax surveys, and structured observation are research methods that might not provide the in-depth information the business desires.
SOURCE: IM:296
55. B
Gain in market share. Businesses take action for the purpose of achieving certain results. One of the results that a business might want to achieve is a gain in market share, which is a business's portion of the total industry sales in a specific market. An action that a business might take to obtain this result is to lower the price of a product for the purpose of taking business away from competitors. If the price is lower, the business has an opportunity to gain market share. If the price is significantly lower, the business might lose money in the short-term, while increasing market share. Lowering the price of a product will not result in a decrease in cost or a reduction in staff.
SOURCE: MK:019

56. C
Price. The price element of marketing involves determining and adjusting prices to maximize return and meet customers’ perceptions of value. It often involves determining the amount of money that customers will be asked to pay in exchange for products. Sales will likely increase if customers are willing to pay the price. Place involves inventory control which is concerned with getting products in the right place at the right time. Promotion refers to communicating information about goods, services, images, and/or ideas to achieve a desired outcome. Product refers to what goods, services, or ideas will be offered to customers.
SOURCE: MP:001
SOURCE: IM LAP 7—Pick the Mix

57. D
Competitive. Sales forecasts need to be adjusted when competitors enter or leave the market. Businesses expect their sales to decrease with the arrival of new competitors. Population changes involve the increase or decrease of population in a business's market area. Economic changes involve increases or decreases in consumers' disposable income. Market changes involve increases or decreases in the demand for a particular good or service.
SOURCE: MP:013

58. C
Presentation. Presentation software programs give the user the capability of presenting information by combining graphics, text, animation, photographs, and sound. Presentation software can be used to create slide programs, overhead transparencies, multimedia presentations, etc. This software enables users to develop visual presentations that are lively, colorful, and appealing to viewers. Communication software programs establish connections between computers. Numeric and electronic are not types of software programs, although some programs analyze numerical data.
SOURCE: NF:008

59. B
Operating expenses. Spreadsheet software programs are designed to organize, calculate, and analyze mathematical or numerical information. Businesses often use spreadsheet software to analyze operating expenses on a monthly or yearly basis. Businesses are able to enter figures for each category of expense for each month, and the software calculates the percentage of increase or decrease. This enables businesses to regularly monitor their expenses and determine if they are spending more than budgeted and make the necessary adjustments. Businesses use database software to manage personnel records and word-processing software to prepare technical reports and advertising plans.
SOURCE: NF:010
60. C
Legal. Legal records contain information relating to or concerned with the law. Businesses need to maintain all legal documents such as copyrights and trademarks. (Copyrights are granted by the government, and trademarks are registered with the government.) Most businesses expect their records to remain private. Political refers to politics or matters relating to the government.
SOURCE: NF:001
SOURCE: NF LAP 1—Record It (Business Records)

61. A
Types of products being purchased. Businesses maintain a variety of records about the quantities and types of products that customers are purchasing. These records are usually known as sales records. By analyzing past sales records, businesses can determine what customers are buying, when they are buying, and how much they are buying. This helps a business forecast future sales so it can be prepared to offer the products that customers want. Businesses do not maintain customer sales records that contain information about the discounts offered by manufacturers, the cost of paying commissioned salespeople, or the suppliers that provide the goods.
SOURCE: NF:002

62. C
Be accessible to customers at all times. E-commerce is a business trend that is expanding rapidly because of the Internet and the World Wide Web. E-commerce is changing the way companies do business because it allows them to be accessible to customers at all times. Customers who have access to a computer and the Internet can visit a business's web site and obtain information or shop online at any time of the day or night. As a result, more and more businesses are adding web sites to make their services and products available to customers at all times. The benefit to a business is often increased sales. The growth of e-commerce is increasing competition, which means that businesses often reduce prices and offer additional services to attract customers. Businesses do not use e-commerce to communicate with similar organizations.
SOURCE: NF:013

63. B
Award purchasing contracts. Businesses maintain records about their vendors and use the information in the records to award contracts to the most appropriate vendor. When selecting a vendor, a business usually wants to buy from the vendor that offers the best price for the value, has reasonable delivery terms, and favorable credit policies. By comparing the information about each vendor, a business can make an informed decision about the best vendor. This type of information does not help a business to negotiate higher discounts, monitor inventory levels, or follow safe shipping procedures.
SOURCE: NF:014

64. B
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
65. D
Personal habits can create safety hazards. Personal or family problems, stress, anger, fatigue, and alcohol and drug abuse can cause behavior problems that can lead to unsafe situations. Keeping work areas clean and putting things away reduces the risk of injuries. Tools and equipment should not be used without prior training. They can be hazardous to workers who don't know how to use them properly. For their own safety, employees should wear the appropriate clothing their employers designate.

SOURCE: OP:007

66. A
Do preventive maintenance. Many potentially dangerous or harmful situations can be avoided if businesses routinely do preventive maintenance on equipment and machinery. If businesses check electrical equipment, examine outlets, and inspect wiring on a regular basis, they will identify potential problems and be able to make repairs before dangerous situations exist. As a result, the working environment will be safe for employees. Hiring a cleaning company, offering medical training, and purchasing liability insurance are not activities that will help businesses keep the working environment safe for employees.

SOURCE: OP:008

67. C
Control costs. An effective project plan helps to control costs by considering potential problems that may arise. By addressing problems in the planning stage, a business is able to develop a method of dealing with potential problems, which often eliminates the need to make costly changes while completing the project. Scheduling employees is a routine part of developing a project plan, but does not involve considering future problems. Considering future problems does not help a business to negotiate contracts or eliminate resources.

SOURCE: OP:001

68. A
To identify and solve problems. Once a project has been completed, it's important to evaluate the results to determine if the project was successful. Part of the evaluation process involves identifying problems that may have occurred during the project and taking steps to solve those problems so they will not affect future projects. For example, management may find that the project could have been completed faster and for less money if different employees were involved. Management plans goals and objectives, organizes materials and supplies, and schedules time and employees before the project begins.

SOURCE: OP:159

69. D
Keeping their prices down. Purchased items, such as supplies, services, or raw materials, add to the final cost of a manufactured product. Purchasing can help to keep prices down by keeping costs down. Purchasing is not responsible for product promotion. Limiting shipment of goods would cause customer complaints. Maximizing inventory investment would increase expenses and make the company less competitive.

SOURCE: OP:015
SOURCE: OP LAP 2—Buy Right (Nature of Purchasing)
70. B
Providing home security. Production is the process or activity of producing goods and services. Providing home security creates a service for consumers and is, therefore, considered a form of production. Reading for pleasure, answering a telephone that is not a business phone, and purchasing food items are not production activities because they do not create a good or service.
SOURCE: OP:017
SOURCE: BA LAP 1—Nature of Production

71. A
Close. Most business equipment is expensive to purchase and costly to repair or replace. Businesses try to maintain their operating equipment in good condition because if it breaks down, the business might be forced to close until the equipment can be repaired or replaced. A major equipment breakdown would not normally cause a business to relocate, remodel, or expand.
SOURCE: OP:032

72. C
Brushing teeth. Brushing teeth is a routine activity because it is done every day. Paying rent is a regular activity because it is done frequently but not daily. Visiting relatives and throwing a party are occasional activities.
SOURCE: PD:009

73. B
Identify the problem. The first step in resolving conflict involves identifying the problem. If coworkers are involved in a dispute, they need to identify exactly what the problem is before they can find a possible solution. Determining the conflict is often difficult because the parties involved may have different opinions about the problem. Once coworkers take the time to discuss the conflict and identify the exact problem, they will be in a better position to agree on a possible solution. Ignoring the situation usually makes the dispute worse and does not solve the problem. Arbitrators usually negotiate problems between management and labor. Negotiating a settlement is the last step in resolving conflict.
SOURCE: PD:077
SOURCE: IS LAP 2—No Problem (Problem-solving)

74. A
Reading business reports. Free time is the time that is left over after employees have completed their tasks or when a planned activity is canceled. When free time occurs, employees should be prepared to use it effectively. Reading business reports during a flight to a sales meeting is an example of good use of free time. Watching an in-flight movie, listening to recorded music, and taking a short nap are examples of leisure-time activities.
SOURCE: PD:019
SOURCE: OP LAP 1—About Time (Time Management in Business)

75. D
Choosing an appropriate career. Each of us has a unique combination of abilities and aptitudes for particular skills. Choosing a career is done by deciding which career matches one’s abilities and aptitudes. Establishing a value system is developing your values, identifying which are most important to you, and creating a personal value system. Helping to understand people refers to being able to understand yourself in order to help understand and get along with others. Obtaining feedback from others refers to getting the thoughts and reactions from others about you and your behavior.
SOURCE: PD:013
76. B
Full-time manager needed immediately. Two-years' experience required. Equal opportunity employer. Businesses frequently use abbreviations in their want ads. In this example, F/T Mgr. is an abbreviation for full-time manager; immed. is an abbreviation for immediately; yrs. exp. req. is an abbreviation for years' experience required; and EOE is an abbreviation for equal opportunity employer. Applicants should learn the language of classified ads to understand the nature of the position, its requirements, and the employer.
SOURCE: PD:026

77. A
Good interpersonal skills. An employee who wants to be promoted or be given more challenging assignments in the field of marketing and advertising should have good skills in dealing with people. Most jobs in marketing and advertising involve extensive contact with people; therefore, the skill to effectively work with people is critical. Not all jobs in the field of marketing and advertising require the ability to use technology or to negotiate, although those skills might be useful in some positions. Management skills would help a person become a manager, although most employees are not at that level.
SOURCE: PD:035

78. B
Radio. Lower priced goods usually are promoted in lower priced media. Radio, which is relatively inexpensive compared to other media, is used quite often by companies selling inexpensive goods that do not have large promotion budgets. Television is one of the more expensive types of promotional media. DVDs are most often used when sending direct mail, which is an expensive form of promotion that businesses use when targeting specific audiences. Magazines are more expensive than radio and require a long lead time.
SOURCE: PI:001
SOURCE: PI LAP 2—The Price is Right (Pricing)

79. D
Spreadsheet. Spreadsheet software programs are designed to calculate and analyze numerical data. Spreadsheets are very useful for business owners as they evaluate numerical data that relates to pricing issues. Presentation software is used to create visual aids that are commonly used in sales or other types of presentations. Word-processing programs are used to create written documents. Communication software programs (e.g., e-mail) are used to facilitate the distribution of messages.
SOURCE: PI:016

80. A
Plan healthy meals. RDAs show how much of each nutrient an individual should consume each day in order to be in good health. This information helps consumers to be more knowledgeable about nutrition and to plan healthy meals based on the RDAs. Healthy meals may also help consumers to lose weight or to reduce cholesterol, but that is not the basic purpose of RDAs. RDAs are not related to cooking skills.
SOURCE: PM:001
SOURCE: PM LAP 17—Rapping Up Products (Nature of Product/Service Management)
81. C
Internet. The Internet allows businesses in the travel, hospitality, recreation, and insurance industries to bypass intermediaries (agents and brokers). Consumers can easily go directly to the service business to make the purchase. This enables the businesses to reach more customers and sell at any time of the day or night. Fax machines are widely used as a means of sending information quickly rather than as a selling tool. Key card entry systems are used mainly in the hospitality industry. Interactive television is not as widely used by consumers as the Internet.
SOURCE: PM:039

82. C
Solved. Problems are any obstacles affecting a desired outcome. When developing marketable products, there are often situations that require innovative thinking to solve or alleviate the obstacles. For example, ready-made cookie dough was developed to address a problem regarding the time it takes to prepare a dessert. Problems do not need to be provoked, created, or protected.
SOURCE: PM:127
SOURCE: PM LAP 11—Unleash Your Oh! Zone

83. B
Product recall. Lakeview Manufacturing should alert the public and recall all the consumer tuna-fish products that were improperly labeled. Product recall is the removal from the marketplace of a product that is defective or hazardous to consumers. Product liability refers to the producer's responsibility for any injury that the business's product may cause. Guarantee is a promise to the consumer that a product's purchase price will be refunded if the product is not satisfactory. It is often called a money-back guarantee. Warranty is a promise to the purchaser that a product will be repaired or replaced if it proves to be defective.
SOURCE: PM:017

84. A
Deplete slow-moving items from its inventory. Mixed product bundling is the practice of packaging different products together. Businesses price the packages so that customers pay less for bundled items than they do if they purchase each item separately. A business that wants to deplete slow-moving stock might package the items with items that sell well, in order to eliminate the slow-moving items from its inventory. Businesses generally want to deplete slow-moving inventory because it costs them money to store the products for long periods of time. Bundling strategies do not necessarily lower advertising expenses and publicity efforts, nor do bundling strategies necessarily build ongoing customer relationships. Product substitution occurs when a salesperson suggests a product other than the original request when the business does not have the item requested. Product bundling practices do not always involve product substitution activities.
SOURCE: PM:041

85. D
Create favorable impressions. The primary reasons that brands are used are for identification and differentiation. Successful brands help create and reinforce a favorable image that encourages customers to buy. Being descriptive of the product's benefits and uses is a characteristic of a good brand name rather than a reason to use a brand name. Trade characters are brand marks that have been personified or made to seem lifelike. Brand names do not explain preparation methods.
SOURCE: PM:021
SOURCE: PM LAP 6—It's a Brand, Brand, Brand World! (The Nature of Branding)
86. B
Consumers have toward a business or product. The current meaning of "brand" is completely consumer focused and combines the consumers' experiences, images, and associations regarding a company, good, or service. A brand is the relationship a company or product has with its customers. A brand is not built on how businesses view each other or other industries, nor is brand about consumers' views of things they want to buy.
SOURCE: PM:206

87. A
Public-service. The company's sponsorship of an advertisement highlighting the importance of parents reading to their children is an example of a public-service promotion. Public-service promotions inform consumers about noncontroversial issues that are in the public's best interest. They build goodwill for the company, especially when they depict the company as a friend of the community. Patronage promotions are designed to promote a firm's prestige or its features. Primary product promotion aims to stimulate demand, or consumer desire, for an entire class of goods or services. Public-relations promotions are created to deal with issues that are in the public's interest but are also related to the company or its products.
SOURCE: PR:002
SOURCE: PR LAP 4—Know Your Options (Types of Promotion)

88. A
Controversial products. Over time, products that once were considered inappropriate to advertise have moved into the mainstream; however, certain products remain controversial. Businesses often encounter ethical problems when deciding how to promote these products. For example, gambling is legal in some areas but illegal in others. Businesses involved in legal gambling face the ethical dilemma of how to promote that activity to consumers who live in areas where it is illegal. Businesses that promote social causes, legitimate services, and staple goods usually do not encounter ethical problems.
SOURCE: PR:099

89. C
Limitations. Certain products have limitations, such as producing side effects in some people or being potentially hazardous. When businesses advertise these products, they are usually required to disclose the limitations so consumers can make an informed decision about whether to buy. Businesses that violate these regulations run the risk of being sued by consumers who were harmed by the products. Advertisements usually describe the benefits of the products and often contain endorsements. Advertisements often point out important features especially if they are hidden.
SOURCE: PR:101

90. D
Customers may ignore future promotions. Customers who cannot buy products that are being promoted because the business did not make sure it had adequate stock to back up the promotion may lose faith in the business. The next time customers see one of the company's promotions, they may not bother to respond. Customers should not think they have been cheated under these circumstances. The business's image will be damaged rather than enhanced, and its profits could decrease.
SOURCE: PR:076
91. A  
Action. Advertisers encourage action by including phrases in their copy such as "clearance sale" and "come on in." Claims make a claim for a product. Comparisons are features that are compared with a competitive product. An endorsement cites a reputable outside source to strengthen the sales message. 

92. A  
Want to read the message. The headline and the illustrations are two of the main elements in an advertisement. They should be coordinated to make the reader want to read the message in the copy, which is the third element in the ad. For example, the headline should attract attention and lead the reader to the illustration, which supports the headline. The coordinated headline and illustration create a desire in the reader to want to know more about the subject of the ad and, therefore, to read the message. It is not important to coordinate the headline and illustrations to make the reader appreciate the style of layout, understand the company name, or be aware of the cost involved. 

93. B  
Pass on positive information. One of the main functions of a business's public-relations activities is to reach external audiences, those groups that are outside of the company. These groups include the local community, government officials, customers, suppliers, creditors, etc. The external audience has a significant impact on the business because customers buy products, government officials enact rules and regulations, and creditors loan money. If the business does not maintain good relations with the external audience by providing positive information, it may have difficulty operating or even fail. Public-relations activities are not intended to sell useful products, measure the community response, or compile customer databases. 

94. B  
Participate in trade shows. When evaluating whether to participate in trade shows, businesses often take into consideration the size of their sales staff and the amount of their advertising budget. For businesses that have a small sales staff and a limited advertising budget, it is often worthwhile to participate in trade shows because this provides the opportunity to contact a large audience of potential customers. The trade show provides access to more contacts than the small sales staff can reach, and for less cost than extensive advertising. A business with a limited advertising budget probably would not develop television commercials or sponsor major sporting events because of the high cost associated with those activities. Buying space on billboards usually is not effective for businesses that sell to other businesses. 

95. D  
Limited control. Because word-of-mouth advertising involves customers telling others about the business, the business has very little control over what these customers might say. The hope is that satisfied customers will make positive comments about the business and encourage others to become customers. However, there is the chance that dissatisfied customers will make negative comments that harm the business. Businesses do not have high costs or extensive input as a result of word-of-mouth advertising. Low risk would be an advantage. 
96. C
Goodwill. Goodwill is the positive feelings that customers have toward a business. It is an advantage that a business acquires beyond the value of its goods and services and is created and maintained by good relations with customers. The location of the business, its prices, and its credit terms are factors that often attract customers initially; but people will not become loyal customers if the business doesn't create goodwill.
SOURCE: SE:828
SOURCE: SE LAP 115—Keep Them Loyal (Building Clientele)

97. B
Selling the same quantity of the same product to different customers for different prices. This is an example of price discrimination and is often considered an illegal selling activity. If a business charges different customers different prices for similar amounts and types of products, it is involved in price discrimination, which is a violation of certain selling regulations. Customers often ask companies for price breaks on products at the end of the regular season. It is legal to offer substantial discounts to buyers of large quantities of certain products and to buy products from one company that are available for a lower price from another company.
SOURCE: SE:108

98. C
Company promotions. Company promotions contain product information that helps salespeople to answer customers' questions about the advertised products. Ads often contain product descriptions that are useful in making sales. Consumer magazines may or may not contain the company's ads. Economic reports would address the state of the economy. Marketing textbooks would not be likely to contain specific product information.
SOURCE: SE:062

99. C
Customer testimonials. A testimonial is a statement by an identified user of a product proclaiming the benefits received from the use of the product. Hotel sales departments often solicit testimonials from satisfied customers to use to sell the features and benefits of the hotel's meeting facilities. Positive statements from previous customers is a good source of selling information because it comes from people who are not associated with the property. Salespeople do not use employee evaluations, vendor specifications, or management objectives to sell the features and benefits of a hotel's meeting facilities.
SOURCE: SE:109
SOURCE: SE LAP 113—Find Features, Boost Benefits (Feature-Benefit Selling)

100. A
Tangible. Tangible products are those items capable of being touched, smelled, tasted, seen, or heard. Salespeople usually exert less effort in selling tangible products because customers can see and touch them. Also, it is easier for salespeople to demonstrate the features of tangible products and explain their benefits to customers. Customers may raise more objections when buying expensive products and require additional follow-up time from the salesperson. Salespeople selling intangible products often spend more time establishing relationships with customers. Optional products require more selling effort on the part of salespeople because the items usually are nonessential or luxury goods.
SOURCE: SE:048