

1. What type of debtor-creditor relationship involves the acquisition and use of credit cards?
  - A. Customary
  - B. Unintentional
  - C. Voluntary
  - D. Implied
2. A manufacturer advises its distributors that they must achieve an extremely high level of sales next year to continue as channel members. This action is most likely to create
  - A. vertical conflict.
  - B. channel enlargement.
  - C. complex distribution patterns.
  - D. a comparative advantage.
3. When the salesperson did not return Mr. Adkins' calls about the status of his backordered stove, he cancelled his order. The salesperson lost the order because s/he
  - A. ordered the wrong stove.
  - B. failed to provide customer service.
  - C. couldn't get a hold of the vendor.
  - D. had incorrect customer contact information.
4. To build and repair bridges, Campbell Construction Company buys steel beams from Horton Manufacturing. In this situation, Campbell Construction Company is the
  - A. indirect agent.
  - B. wholesaler.
  - C. producer.
  - D. industrial user.
5. Tying agreements are illegal under which of the following conditions:
  - A. When they limit liability
  - B. When they prohibit monopolies
  - C. When they regulate promotion
  - D. When they reduce competition
6. What information should a business provide its suppliers to ensure that products will be available to meet demand?
  - A. Cash-flow analysis
  - B. Annual report
  - C. Sales forecast
  - D. Media schedule
7. Which of the following is a common reason for horizontal conflict among distribution channel members:
  - A. Transportation issues
  - B. Territorial boundaries
  - C. Direct distribution
  - D. Shipping errors
8. Which of the following is an example of a company procedure:
  - A. To order supplies, employees must complete the R-3 form and then give it to their immediate supervisor.
  - B. Employees are permitted to wear open-toed shoes to work, but they may not wear flip-flops.
  - C. After five years of service, staff members receive four weeks of paid vacation.
  - D. Triton Manufacturing pays employees the standard gas mileage reimbursement rate of \$.55 per mile.
9. Which of the following gestures would indicate a speaker's nervousness during an oral presentation:
  - A. Standing up straight
  - B. Maintaining eye contact
  - C. Speaking very quickly
  - D. Fidgeting with accessories
10. Which of the following is an example of organizing business information by location:
  - A. Corinne prepares a real-estate guide that lists homes for sale in ascending order by selling price.
  - B. Ben's history assignment is to create a timeline to illustrate his family's immigration from Ireland.
  - C. Elizabeth structures a national insurance company's financial reports by branch.
  - D. Jacob structures a research report by providing the most important information in the first section of the document.
11. Using the APA writing style, Ella compiles a list of the books, web sites, and journals that she used when developing a complex research report. What is Ella developing?
  - A. The executive summary
  - B. An index
  - C. The bibliography
  - D. A glossary

12. When the meeting leader asked the group participants if they had any suggestions for the new product catalog, Lily pulled out a list of notes that she had compiled and talked for the remaining 20 minutes of an hour-long meeting. In this situation, Lily
- A. followed parliamentary procedure.
  - B. provided positive feedback.
  - C. monopolized the discussion.
  - D. expressed her opinions clearly.
13. Mr. Martin said, "I want to return this software and get my money back. Before I bought it, your salesperson told me that it was compatible with my computer, but it isn't." What is the reason for Mr. Martin's complaint?
- A. The product was labeled incorrectly.
  - B. The product was defective.
  - C. The salesperson used high-pressure sales tactics.
  - D. The salesperson provided inaccurate information.
14. The Upper Crust Bread Shop bakes its bread on site so that customers can smell the bread when they enter the shop, and it sets baskets of bread samples throughout the shop. The shop uses these touch points to carry out its
- A. operations-management processes.
  - B. product-development tactics.
  - C. customer-experience management strategies.
  - D. brand-insistence advertising techniques.
15. Molly works in operations. Her job is to make sure that the business has all the supplies it needs to keep production going smoothly. Molly works in the area of
- A. human-resources management.
  - B. financial analysis.
  - C. marketing.
  - D. purchasing.
16. Milford Glassworks encourages all of its employees to provide input for system improvements and suggestions for product ideas. What strategy is Milford using to adapt to changes in the marketplace?
- A. Innovation management
  - B. Competitive aggression
  - C. Reactive control
  - D. Cultural intelligence
17. Which of the following is an oligopoly:
- A. Oil industry
  - B. Apparel industry
  - C. Food-service industry
  - D. Computer industry
18. Last year, Ryan earned a salary of \$32,500, and paid 15% in federal income taxes. This year, Ryan received a promotion, and his salary is now \$36,750. Due to his salary increase, Ryan must pay 25% in federal income taxes. This is an example of a \_\_\_\_\_ tax.
- A. regressive
  - B. progressive
  - C. proportional
  - D. corporate
19. What happens when inflation increases?
- A. Consumers can buy more for less.
  - B. Supply exceeds demand.
  - C. Purchasing power decreases.
  - D. Production efficiency increases.
20. Joe realized that if he had taken more time to proofread his work carefully and correct his grammatical mistakes, he would have received a better grade on his report. In this situation, Joe is
- A. assessing a weakness to improve performance.
  - B. identifying a way to enhance his creativity.
  - C. making a false generalization about himself.
  - D. comparing his talents with those of his classmates.

21. The supervisor said, "Amber, I know that this is a busy time for you right now, but I really need for you to give me the weekly expense report on Tuesday morning. Because you submitted last week's report on Wednesday, reimbursement checks were delayed, and several employees did not receive payment when they expected it." The supervisor is providing Amber with
- A. constructive criticism.
  - B. an unsolicited opinion.
  - C. internal feedback.
  - D. a defensive response.
22. Which of the following is a true statement about secondary dimensions of diversity:
- A. They are mental aptitudes.
  - B. They are physical traits.
  - C. They are determined by a person's subculture.
  - D. They can change over time.
23. You are more likely to persuade others to take action if you
- A. overstate the benefits.
  - B. use illogical reasoning.
  - C. provide supporting facts.
  - D. conceal your credibility.
24. What is the benefit of shared vision to an organization?
- A. It ensures that the team's goals are achievable.
  - B. It serves as a guide for decision making.
  - C. It creates an ethnocentric environment.
  - D. It supports a groupthink attitude.
25. Which of the following situations involves the use of negative tactics to build political relationships within the organization:
- A. Jason accepts credit for Tori's advertising campaign idea during a meeting with management.
  - B. Lydia wants to increase her internal contacts and network, so she volunteers to help with a project.
  - C. Patrick compliments his manager on her/his chip shot out of a sand trap during a corporate golf outing.
  - D. Miranda makes sure that she dresses professionally during important business meetings.
26. Because Elise paid her monthly credit-card bill on April 16 instead of April 4, the credit-card issuer added a \$25 charge to her May billing statement. This is an example of a(n) \_\_\_\_\_ fee.
- A. cash-advance
  - B. annual
  - C. balance-transfer
  - D. late
27. What is a benefit of investing in mutual funds?
- A. Investors' fees are waived because it is an ownership investment.
  - B. Investors are guaranteed a minimal amount of return.
  - C. Investors earn interest because it is a lending investment.
  - D. Investors have access to a fund manager's expertise.
28. When identifying risks that a business faces, management should focus on the
- A. probability of risk occurrence.
  - B. impact of the risks.
  - C. sources of the risks.
  - D. ability to transfer the risks.
29. When Samantha reviewed her company's financial information, she noticed that the sales for the Java6 coffee maker decreased for three consecutive months. In this situation, the financial information helped Samantha
- A. make a pricing decision.
  - B. calculate liquidity ratios.
  - C. identify a trend.
  - D. negotiate a contract.

30. Which of the following are listed as long-term assets on a balance sheet:
- A. Land, cash, and mortgage
  - B. Buildings, vehicles, and capital equipment
  - C. Vehicles, insurance, and accounts payable
  - D. Capital equipment, mortgage, and inventory
31. The primary reason for analyzing budget variances is to
- A. determine where the business is on target and where it is not.
  - B. ensure that the business generates a sizable profit.
  - C. understand the generally accepted accounting principles.
  - D. make adjustments to the business's operating procedures.
32. As a member of the company's employee selection committee, Logan is urging the other committee members to choose his best friend Markus for an executive-management position. What ethical issue does this situation illustrate?
- A. Cultural bias
  - B. Conflict of interest
  - C. Lack of transparency
  - D. Bribery
33. During a board of directors meeting, the company's CEO said, "Based on last year's sales data and changes in economic conditions, I believe that sales will increase next year." In this situation, the CEO has provided the board members with a(n)
- A. fact.
  - B. prediction.
  - C. estimate.
  - D. recommendation.
34. What activity involves transforming facts and figures into a useful format?
- A. Information reporting
  - B. Data mining
  - C. Data processing
  - D. Information gathering
35. Which of the following is an example of ethical behavior in marketing-information management:
- A. Using complex processes for customers to opt-out of e-mail correspondence
  - B. Changing survey feedback to reflect a positive research outcome
  - C. Distributing the telephone numbers of customers without their permission
  - D. Implementing procedures to protect the privacy of survey respondents
36. The primary reason that the government regulates the ways in which healthcare organizations handle medical records is to
- A. improve employees' performance.
  - B. prevent personal-injury lawsuits.
  - C. keep tax information confidential.
  - D. protect the patients' privacy rights.
37. A business's expense reports and cash-register receipts are sources of \_\_\_\_\_ research data.
- A. internal, quantitative
  - B. external, quantitative
  - C. elementary, qualitative
  - D. organic, qualitative
38. "How can we alter our existing product so it will appeal to another market?" is an example of a
- A. strategy-oriented decision problem.
  - B. discovery-oriented decision problem.
  - C. market-research analysis.
  - D. market-situation analysis.
39. Which of the following is an example of causal research:
- A. A pet-supply company reviews invoices and receipts to determine which line of dog food is generating the most sales.
  - B. A large publisher holds a series of focus groups with teachers to gather opinions about the mathematics textbooks.
  - C. A hotel chain places suggestion cards in its sleeping rooms to solicit feedback about its guests' level of satisfaction with its services.
  - D. A quick-serve restaurant introduces a breakfast burrito to a limited segment of the market to determine product acceptability.

40. When using the systematic random sampling method, marketers must determine the
- A. skip interval.
  - B. stratum.
  - C. cluster.
  - D. quota gap.
41. While filling out a customer-satisfaction survey, Ashley is asked to rank her level of agreement with the statement, "The sales representative was friendly and courteous." Out of the five options presented, Ashley's response is "strongly agree." This is an example of a \_\_\_\_\_ rating scale.
- A. Likert
  - B. Semantic differential
  - C. Paired comparison
  - D. Retention
42. To understand consumers' buying habits over time, marketing researchers might ask a sample of the population to
- A. develop a media blog.
  - B. maintain a product diary.
  - C. keep track of their ideas.
  - D. prepare an opinion statement.
43. An interviewer should carefully monitor his/her tone of voice, facial expressions, and gestures when collecting marketing data from respondents to
- A. avoid appearing biased.
  - B. limit the length of the interview.
  - C. discourage inappropriate responses.
  - D. dominate the conversation.
44. What activity is a marketing researcher performing when s/he counts the responses to a survey?
- A. Assigning values
  - B. Tabulating data
  - C. Interpreting primary research
  - D. Developing a sample plan
45. A marketing survey revealed that four out of seven residents in the greater metro area prefer Lupi's Pizza to Morelli's Pizza and Renaldo's Pizza. What measure of central tendency does this example represent?
- A. Mode
  - B. Mean
  - C. Range
  - D. Scope
46. Which of the following is an example of a response error:
- A. Jack pauses for a moment before he answers the interviewer's question.
  - B. Jack does not provide his telephone number when he fills out an online survey.
  - C. Lydia provides her opinion about a new soft drink during a focus group.
  - D. Rosanna checks two response options for one question on a paper questionnaire.
47. The following appeared on a recent survey:
- "Do you agree that the government wastes taxpayers' money by supporting unnecessary programs?"
- This is an example of a(n)
- A. indifferent statement.
  - B. leading question.
  - C. open-ended inquiry.
  - D. unstated alternative.
48. In the past month, Anna has purchased Lay's mesquite-barbeque chips, Shearer's kettle-cooked potato chips, and Utz's wavy potato chips. What type of buying behavior is Anna exhibiting?
- A. Price-oriented
  - B. Brand-preference
  - C. Quality-based
  - D. Variety-seeking
49. What element of the marketing mix is most concerned about creating convenience for customers in relation to the product's accessibility to the market?
- A. Price
  - B. Product
  - C. Place
  - D. Promotion

50. When a local athletic apparel store sells shoes, clothing, and accessories that are designed specifically for runners, it is using \_\_\_\_\_ segmentation.
- A. geographic
  - B. psychographic
  - C. demographic
  - D. rate of usage
51. Which of the following statements is true about a marketing plan:
- A. It is more beneficial for large companies to have a marketing plan than it is for small businesses.
  - B. An important component of the marketing plan is the business plan.
  - C. A good marketing plan contains the business's specific marketing goals and strategies.
  - D. The marketing plan has a narrow audience, so it takes a business minimal time to prepare it.
52. If a situation analysis reveals that the company has a comprehensive, current, and flexible database system, it has identified a(n)
- A. internal strength.
  - B. external asset.
  - C. product benefit.
  - D. technological flaw.
53. Nelson needs to find out the exact model number of a printer to order the correct ink cartridge for a customer. To obtain accurate information quickly, Nelson should access
- A. his company's contact directory.
  - B. the manufacturer's accounting department.
  - C. his company's intranet.
  - D. the manufacturer's production manager.
54. Mason Publishing included the following statement in a newsletter that was sent to its sales staff about its new electronic reader:
- CEO Lucinda Marcelli said, "This product supports our ongoing efforts to revolutionize the ways in which students across the country learn."
- This is an example of
- A. paraphrasing a comment to explain specific product benefits.
  - B. including a quotation to introduce an item during a sales meeting.
  - C. using a quotation to communicate product information.
  - D. summarizing the features of a new item by using a testimonial.
55. Which of the following is an example of unethical business behavior in relation to information management:
- A. Sharing customers' personal information to others with their permission
  - B. Telling employees that the business may monitor their telephone calls at work
  - C. Keeping employees' payroll records in unsecured computer databases
  - D. Using opt-in e-mail to communicate product information with customers
56. A primary disadvantage of keeping business records in digital formats is that
- A. records become inaccessible due to obsolete technology.
  - B. businesses cannot update data quickly.
  - C. businesses are unable to file documents on computers.
  - D. documents must be kept for a minimum of three years.
57. Under what circumstances should a business obtain copyright protection for its intellectual property?
- A. If it develops a unique manufacturing process
  - B. When it produces an original artistic work
  - C. If it owns a distinctive mark or emblem
  - D. When it maintains a comprehensive customer list
58. Businesses rely on projects because the business environment is
- A. free from competition.
  - B. inflexible.
  - C. dynamic.
  - D. hard to understand.

59. When developing a request for quotation (RFQ) for prospective vendors, a business should always include
- A. statistics and a checklist.
  - B. prices and a purchase order.
  - C. guidelines and discounts.
  - D. specifications and deadlines.
60. Which of the following is an example of a good or service that is produced through a capital-intensive conversion process:
- A. Hair cut
  - B. Handmade quilt
  - C. Sport utility vehicle
  - D. Computer repair
61. To maintain a quality work culture throughout all levels of an organization, it is important for businesses to
- A. train employees thoroughly.
  - B. solve problems with minimal input.
  - C. emphasize short-term gains.
  - D. focus primarily on financial issues.
62. What can an employee do on a regular basis to maintain an organized workspace?
- A. Place all paperwork in storage boxes
  - B. Make copies of all computer documents
  - C. Discard outdated files and papers
  - D. Shred documents that are over one year old
63. Which of the following is an example of job shadowing:
- A. Tom asks an advertising manager about various professional organizations in marketing.
  - B. Kayla follows the public-relations director of a local company to learn about his/her career.
  - C. Delia talks with an event coordinator about the ways in which she can donate her time to a local charity.
  - D. Brian sets up a time to meet with a sales representative to find out about her/his job duties.
64. During a job interview, it is important to monitor nonverbal cues including your
- A. handshake and vocal intensity.
  - B. posture and eye contact.
  - C. diction and arm gestures.
  - D. clothing and pitch.
65. Which of the following situations is most likely to cause the price of corn-based products to increase:
- A. Corn producers reduce marketing activities.
  - B. The demand for corn-based products declines.
  - C. A long drought damages the corn crops.
  - D. The rate of inflation stabilizes.
66. Which of the following is an example of price fixing:
- A. A grocery store dramatically increases the prices of bottled water during a natural disaster.
  - B. Three computer-chip manufacturers agree to sell their products within a certain price range.
  - C. A building-materials company sets a high price for a new product and lowers it over time.
  - D. Two restaurants offer the percentage-off coupons for their large pizzas for a limited time.
67. During what phase of the product life cycle is a business most likely to reduce its prices because copycat products have entered the marketplace?
- A. Growth
  - B. Maturity
  - C. Trough
  - D. Peak
68. During which stage of the product life cycle is the product failure rate the highest?
- A. Introduction
  - B. Growth
  - C. Maturity
  - D. Decline
69. Which of the following is an ethical issue that affects many businesses' product/service-management function:
- A. Using bait-and-switch tactics
  - B. Engaging in collusion
  - C. Testing on animals
  - D. Setting unrealistic sales goals

70. Hannah studied international business in college and has worked for various international corporations. Over the years, she met many businesspeople who did not understand how cultural differences affect their business relationships. Hannah decided to start her own consulting firm to advise businesspeople about the cultural issues that they may encounter when doing business overseas. Hannah identified a product opportunity on the basis of
- A. accidental discovery.
  - B. a popular hobby.
  - C. a technological issue.
  - D. personal expertise.
71. Which of the following is an idea-generation technique that uses programmed thinking:
- A. Forced questioning
  - B. Mind mapping
  - C. Attribute listing
  - D. Synectics
72. Car break-ins often result because drivers leave their laptops, smartphones, and wallets on the car seat, making the items highly visible to potential thieves. As a result, an automobile manufacturer designed a hidden compartment in the front passenger seat for drivers to store their valuable items. This is an example of an idea generation strategy in which the business
- A. developed a new product to replace an outdated product.
  - B. changed an existing product to attract a younger market.
  - C. improved an existing product to solve a common problem.
  - D. created a new product to gain the competitive advantage.
73. Fairlawn Manufacturing will replace or repair the motor of its Cut-rite riding lawnmower for one year after the purchase date. This is an example of a(n)
- A. limited warranty.
  - B. full warranty.
  - C. unconditional guarantee.
  - D. service guarantee.
74. To prevent people with severe peanut allergies from accidentally consuming food items prepared in peanut oil, many governments require food manufacturers to
- A. seal the packaging to prevent product tampering.
  - B. label the packaging with a hazardous product symbol.
  - C. provide nutritional information on the packaging.
  - D. list all ingredients on the products' packaging.
75. An electronics business decided to remove the X2L digital camera from its product mix because it was taking away sales from its FZG1 premier digital camera. This is an example of
- A. product alteration.
  - B. product cannibalization.
  - C. inventory substitution.
  - D. inventory shrinkage.
76. A benefit to the seller of bundling products is that doing so
- A. reduces product-quality problems.
  - B. eliminates the need to comparison shop.
  - C. often lowers the marketing costs.
  - D. usually decreases product-placement activities.
77. Which of the following is an example of a business that uses product class as a positioning strategy:
- A. Focusing on the value of a line of cosmetics
  - B. Emphasizing a 100,000-mile car warranty
  - C. Associating an artificial sweetener with sugar
  - D. Communicating a resort's luxury services
78. Although Sara's favorite soft drink is Diet Coke, she will order Diet Pepsi if a restaurant does not serve Diet Coke. This is an example of brand
- A. preference.
  - B. insistence.
  - C. adoption.
  - D. perception.

79. Which of the following are types of corporate brands:
- A. Disney, Apple, and Nike
  - B. Procter and Gamble, Mountain Dew, and Disney
  - C. Harley-Davidson, Apple, and Tide
  - D. Nike, Harley-Davidson, and Tide
80. Determine the type of and purpose for promotion used in the following example:
- Procter and Gamble donates thousands of bottles of its Dawn dishwashing soap to wildlife conservation programs to clean animals that are affected by oil spills and other ecological hazards.
- A. Product; To reinforce the company's commitment to producing high-quality items
  - B. Institutional; To show the company's support of learning and educational initiatives
  - C. Product; To create a positive image of the company's employees
  - D. Institutional; To indicate the company's interest in environmental issues
81. What elements of the promotional mix are ideal to use when promoting products to large, personal consumer markets?
- A. Sales promotion and advertising
  - B. Personal selling and publicity
  - C. Advertising and personal selling
  - D. Personal selling and sales promotion
82. A soft-drink company posts a film clip on YouTube and Facebook that features its employees drinking the company's best-selling beverage while they are performing a flash-mob routine. What is the company using to promote its products?
- A. Advergaming
  - B. Streaming audio
  - C. Viral video
  - D. Custom messaging
83. When a government regulatory agency accuses a company of running a deceptive advertisement, the company voluntarily agrees to stop running the ad without admitting guilt. In this situation, the remedy used is
- A. a cease-and-desist order.
  - B. a consent order.
  - C. corrective advertising.
  - D. affirmative disclosure.
84. Which of the following is most likely to contain indoor billboards:
- A. Buses, parking lots, and enclosed malls
  - B. Highways, road intersections, and subway terminals
  - C. Subway terminals, airport terminals, and enclosed malls
  - D. Parking garages, highways, and buses
85. What is the primary goal of viral marketing?
- A. Staging
  - B. Sharing
  - C. Managing
  - D. Manipulating
86. A retailer sends a sales announcement and coupon with the monthly summary of accounts that it sends to its customers. What form of direct mail is the retailer using?
- A. Classified ads
  - B. Media circulars
  - C. Self-mailers
  - D. Statement stuffers
87. The Skintastic Cosmetic Company implemented a challenging sales promotion in which its independent sales consultants could earn bonuses, prizes, and vacations. This is an example of a company using \_\_\_\_\_ as a sales incentive.
- A. cooperative advertising
  - B. sweepstakes
  - C. push money
  - D. loyalty programs
88. What component of a print advertisement contains the sales message?
- A. Illustration
  - B. Copy
  - C. Tag line
  - D. Headline

89. A snack-food company donates energy bars to runners who are participating in a race to raise money for cancer research. The business is engaging in a(n)
- A. advertising campaign to improve investor relations.
  - B. media blitz to exhibit social responsibility.
  - C. selling activity to support its image.
  - D. public-relations activity for a charitable cause.
90. An important aspect of maintaining positive public relations is communicating with external audiences such as
- A. stockholders, employees, and government agencies.
  - B. local businesses, charitable organizations, and customers.
  - C. charitable organizations, executive managers, and local businesses.
  - D. customers, employees, and the board of directors.
91. Which of the following is a budgeting issue that a business considers when deciding whether to participate in a trade show:
- A. Venue's personal appeal
  - B. Target audience size
  - C. Booth rental space
  - D. Competitors' attendance
92. What component of the promotional plan describes the specific tools that the business will use to promote its goods and services?
- A. Evaluation
  - B. Objectives
  - C. Budget
  - D. Tactics
93. A business can help its salespeople build a clientele by
- A. showing interest in the customers' needs.
  - B. following up with customers immediately after a sale.
  - C. having favorable adjustment and return policies.
  - D. setting high performance goals.
94. The details regarding quotas for each salesperson would be outlined in what type of selling policy?
- A. Service
  - B. Terms-of-sale
  - C. Selling-activity
  - D. Qualifying the customer
95. Which of the following is a form of technology that allows a salesperson to make a professional sales presentation to group members who are located in different locations:
- A. Data-mining software
  - B. Global positioning system
  - C. Webinar
  - D. Autoresponder
96. Determine if the following situation is an illegal selling practice:
- A salesperson says to a customer, "My business will buy all of its janitorial supplies from your company if you buy all of your office furniture from my business."
- A. Yes. The salesperson is suggesting reciprocity, which is illegal if it hinders competition.
  - B. Yes. The salesperson is engaging in price discrimination, which is illegal in many jurisdictions.
  - C. No. The salesperson is proposing a limited partnership, which is a common and legal practice.
  - D. No. The salesperson is using tie-in sales tactics to facilitate a long-term sales relationship.
97. The best way for salespeople to obtain detailed information about a complex product is by
- A. asking a customer who uses the product.
  - B. reading a product brochure.
  - C. attending a training session.
  - D. conducting a product demonstration.
98. The salesperson says, "Mrs. Jones, the Model 2XY upright vacuum cleaner has attachments that allow you to remove dust from furniture, draperies, and ceiling fans. It also has a steamer that deep cleans carpets." This is an example of a salesperson describing the product's
- A. unique style.
  - B. multiple uses.
  - C. durability.
  - D. construction.

99. When a business's salespeople take time to discover their customers' needs, the business is likely to benefit because
- A. customers tend to return fewer products.
  - B. product reviews become unnecessary.
  - C. salespeople usually earn higher commissions.
  - D. customers are likely to qualify sales leads.
100. Shortly after a burglar broke into their house, Mr. and Mrs. Green purchased a home security system. In this situation, Mr. and Mrs. Green's buying motive was based on \_\_\_\_\_ factors.
- A. esteem
  - B. patronage
  - C. emotional
  - D. rational

1. C  
 Voluntary. The debtor is the individual or business that owes money to another individual or business (creditor). An individual or business that obtains a credit card from a financial institution or retailer is entering into a voluntary debtor-creditor relationship, which means that both the debtor and the creditor enter the relationship willingly and understand the risks and expectations regarding the extension and use of credit. Unintentional, customary, and implied are not types of debtor-creditor relationships.  
 SOURCE: BL:071  
 SOURCE: Business Owner's Toolkit. (2012, May 24). *The debtor-creditor relationship*. Retrieved September 5, 2012, from [http://www.toolkit.com/small\\_business\\_guide/sbg.aspx?nid=P12\\_1110](http://www.toolkit.com/small_business_guide/sbg.aspx?nid=P12_1110)
  
2. A  
 Vertical conflict. Vertical conflict occurs between channel members at different levels within the same channel. In the example, the distributors might feel that the manufacturer has set unreasonable sales goals, which may cause vertical conflict. If the distributors do not reach their sales goals, the manufacturer will drop the less productive channel members, thereby reducing the size of the distribution channel. Distribution patterns are the strategies (intensive, selective, or exclusive) that businesses use to move products through the distribution channel. There is not enough information provided about the manufacturer's distribution patterns to determine their impact on changes within the distribution channel. Comparative advantage is the advantage achieved by a nation when it specializes in producing goods and services at which it is relatively most efficient.  
 SOURCE: CM:001  
 SOURCE: CM LAP 2—Chart Your Channels (Channel Management)
  
3. B  
 Failed to provide customer service. Back orders are requests (orders) for goods that are out of stock and will ship when the items are available. The salesperson failed to provide customer service because s/he did not follow-up with Mr. Adkins to let him know about the status of his order. As a result, the customer became frustrated, cancelled the order, and likely took his business elsewhere. There is not enough information available to determine if the salesperson ordered the wrong stove, couldn't get hold of the vendor, or had incorrect customer contact information.  
 SOURCE: CM:002  
 SOURCE: Clark, B., Sobel, J., & Basteri, C.G. (2010). *Marketing dynamics: Teacher's edition* (2nd ed.) [p. 623]. Tinley Park, IL: Goodheart-Willcox Company, Inc.
  
4. D  
 Industrial user. A business that buys materials, services, or goods which it will use to make other goods is an industrial user. Because Campbell Construction Company buys steel beams to carry out its business activities (building and repairing bridges), it is an industrial user. If Horton Manufacturing makes the steel beams, it is the producer. A wholesaler is an intermediary who helps to move goods between producers and retailers by buying goods from producers and selling them to retailers. Agents are intermediaries who assist in the sale and/or promotion of goods and services but do not take title to them.  
 SOURCE: CM:003  
 SOURCE: CM LAP 1—Channel It (Channels of Distribution)
  
5. D  
 When they reduce competition. Tying agreements are considered illegal if they substantially limit competition by preventing other distributors from obtaining and selling the same product to customers. A monopoly is a type of market structure in which a market is controlled by one supplier and there are no substitute goods or services readily available. In many countries, monopolies are illegal. The government regulates promotion. Tying agreements do not limit liability.  
 SOURCE: CM:005  
 SOURCE: Boone, G., & Kurtz, D.L. (2009). *Contemporary marketing 2009* (pp. 424-425). Mason, OH: South-Western Cengage Learning.

6. C

Sales forecast. A sales forecast is a prediction of future sales over a specific period of time. When a business shares its sales forecast with its vendors, they have time to plan and make sure that they have the products available when and where the products are needed. An annual report, a cash-flow analysis, and a media schedule do not provide the information that vendors need to plan their inventory and delivery strategies.

SOURCE: CM:007

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

7. B

Territorial boundaries. Horizontal conflicts are disagreements between channel members at the same level of distribution. Unclear territorial boundaries or violations of those boundaries are often sources of horizontal conflict. For example, suppose two retailers are located on the same block, and one store begins to sell the same line of specialty goods that the other store sells. Because both stores are competing for the same customers, conflict is likely to occur. Vertical conflicts are disagreements between channel members at different levels of the distribution channel. If a producer decides to use a direct distribution strategy (bypass its distributors and sell directly to end users), vertical conflict is likely to occur. Transportation issues and shipping errors may cause occasional vertical conflict.

SOURCE: CM:008

SOURCE: Citeman. (2006, April 1). *Channel conflict*. Retrieved November 20, 2012, from <http://www.citeman.com/304-channel-conflict.html>

8. A

To order supplies, employees must complete the R-3 form and then give it to their immediate supervisor. Businesses develop policies and procedures to ensure that employees carry out business activities in fair and systematic ways. Policies are general rules to be followed by company personnel, and procedures are the step-by-step processes personnel follow in performing specific tasks. Because the correct answer states the steps of a process (ordering supplies), it is a procedure. Dress codes, vacation time, and reimbursement rates are examples of policies because they are general in nature.

SOURCE: CO:057

SOURCE: Bizmanualz, Inc. (1999-2012). *What's the difference between policies and procedures?* Retrieved September 19, 2012, from <http://www.bizmanualz.com/information/2005/04/26/what%E2%80%99s-the-difference-between-policies-and-procedures.html>

9. D

Fidgeting with accessories. Shaking hands, swaying, and fidgeting with things such as jewelry or a pen are gestures that often indicate to the audience that the speaker is nervous. A speaker should be aware of and monitor these types of gesture when giving an oral presentation because they can be distracting to the audience. Practicing the presentation in front of a trusted friend or colleague may help an individual feel more comfortable speaking in front of others. Maintaining eye contact and standing up straight are ways in which a speaker can convey confidence during an oral presentation. Speaking too fast or too low are verbal cues that the speaker may be nervous.

SOURCE: CO:025

SOURCE: Barrett, D.J., Angell, P., & Hosmer, L.T. (2006). *The Ohio State University Fisher College of Business: Business administration 499-business skills and environment* (p. 55). New York: McGraw-Hill.

10. C

Elizabeth structures a national insurance company's financial reports by branch. Geographical order puts information in order based on the geographic location, such as business region or branch. When a business wants to evaluate or compare the financial performance of each business location, the geographic organizational approach is appropriate to use. Ben is organizing information for school rather than business and is using a chronological format for his timeline. The chronological format involves placing information in sequence according to time. Corrine is organizing information by value because she is listing homes by selling price. Jacob is using the deductive approach to organize his research report. The deductive approach involves presenting the main ideas, recommendations, and most important information in the first part of the report.

SOURCE: CO:086

SOURCE: College of Marin. (n.d.). *Chapter 10 lecture: Six methods for organizing data*. Retrieved September 7, 2012, from [http://www.marin.edu/buscom/index\\_files/Page1347.htm](http://www.marin.edu/buscom/index_files/Page1347.htm)

11. C

The bibliography. A bibliography is a list of resources containing the information that the writer used to prepare a written document. When developing formal research reports, the writer should use the appropriate writing style for all components of the report to build credibility with the audience. The writing style that the writer uses depends on the business's preferences or the type of report. For example, the American Psychological Association (APA) style is often used when writing about topics related to social sciences. An index is typically placed in the back of a publication and lists the subjects, names, and companies that are referenced in a book along with the page numbers in which they appear. A glossary is a list of terms with their definitions. An executive summary, which is usually placed at the beginning of a long report, provides an overview of the entire document.

SOURCE: CO:088

SOURCE: Bovée, C.L., & Thill, J.V. (2008). *Business communication today* (9th ed.) [pp. A-24-A25]. Upper Saddle River, NJ: Pearson Prentice Hall.

12. C

Monopolized the discussion. When participating in a staff meeting, it is important to provide information or make suggestions when appropriate. When one person dominates the discussion, others do not have an opportunity to provide their input. Because Lily spoke for a long time during the meeting, she monopolized the discussion. There isn't enough information provided to determine if Lily provided positive feedback, followed parliamentary procedure, or expressed her opinions clearly.

SOURCE: CO:063

SOURCE: Bovée, C.L., Thill, J.V., & Schatzman, B.E. (2004). *Business communication essentials* (p. 25). Upper Saddle River, NJ: Pearson Education.

13. D

The salesperson provided inaccurate information. Product returns are costly to a business, but businesses can take steps to lower product-return rates. Because salespeople are in contact with customers, they can lower return rates by learning about the business's products and applying that knowledge to provide customers with accurate information. Businesses can help salespeople gain product knowledge by providing product training. By training salespeople about products, businesses can reduce the risks associated with salespeople giving incorrect product information, as described in the example provided. There is not enough information provided to determine if the product was defective or labeled incorrectly or if the salesperson used high-pressure sales tactics.

SOURCE: CR:010

SOURCE: Odgers, P. (2004). *The world of customer service* (p. 51). Mason, OH: South-Western.

14. C  
Customer-experience management strategies. Customer-experience management consists of the strategies, processes, and policies that a business uses to meet or exceed customer expectations and provide customers with outstanding experiences at every touch point. Touch points are the opportunities that businesses have to connect with customers and reinforce their brand value. In the example, the customers' experiences are enhanced by the smell of fresh bread and the opportunity to taste samples of different breads throughout the store. Product development is the stage in the creation of a new product in which a working model may be tested, modified, and retested. Operations management is the process of planning, controlling, and monitoring the day-to-day activities required for continued business functioning. Brand insistence is the stage of brand loyalty in which consumers insist upon buying a specific brand. Advertising is a paid form of nonpersonal promotion.  
SOURCE: CR:016  
SOURCE: CR LAP 2—Know When to Hold 'Em (Nature of Customer Relationship Management)
15. D  
Purchasing. Molly works in purchasing, the part of operations that ensures the business will have the goods and services needed to keep production going and business running smoothly. Financial analysis refers to obtaining necessary funds and keeping accurate and complete financial records. Marketing involves everything related to fulfilling customers' product needs. Human-resources management involves all the tasks and issues related to keeping the business staffed.  
SOURCE: EC:071  
SOURCE: EC LAP 19—Strictly Business (Business Activities)
16. A  
Innovation management. Innovative management is a management style that embraces active participation throughout all levels of the organization. Company leaders tend to take roles that are more helpful and nurturing than controlling under this management style, which supports a creative work culture and encourages idea sharing. Because employees are carrying out the work, they often have ideas that will help them perform more efficiently or serve customers more effectively. Competitive aggression is a drive to win scarce customer dollars in the marketplace. Cultural intelligence means being sensitive to the customs and traditions of people from different cultural backgrounds. Proactive management, which involves anticipating and advanced planning for change, helps businesses adapt more quickly than a reactive approach.  
SOURCE: EC:107  
SOURCE: EC LAP 25—Keep the Change (Adapting to Markets)
17. A  
Oil industry. An oligopoly is a market structure in which there are relatively few sellers, and industry leaders usually determine prices. Because oil is a scarce, natural resource and is complex to process into usable products, there are fewer businesses in the oil industry than other types of industries such as the apparel, food-service, and computer businesses.  
SOURCE: EC:012  
SOURCE: EC LAP 8—Ready, Set, Compete! (Competition)
18. B  
Progressive. A progressive tax structure is one in which those who earn more are required to pay a higher percentage of their income in taxes. In other words, as a person's income bracket increases, his/her tax rate also increases. The U.S. income tax is a progressive tax. If using a regressive tax structure, people who earn more income pay a lower percentage of income in taxes. As income increases, the tax rate decreases. Sales and excise taxes are regressive taxes because people with lower incomes ultimately pay a larger percentage of their income in sales and excise taxes. A proportional tax structure is one in which everyone pays the same percentage of income in taxes, regardless of income level. Businesses that are structured as corporations pay corporate taxes.  
SOURCE: EC:072  
SOURCE: Miller, R.L. (2005). *Economics: Today and tomorrow* (pp. 441-443). New York: Glencoe/McGraw-Hill.

19. C  
Purchasing power decreases. Inflation, which is a rise in prices, decreases purchasing power because it takes more money to buy the same item. This means that consumers and businesses buy less with the same amount of money. Demand that exceeds supply typically correlates with a rise in inflation. The level of production efficiency does not always increase when inflation increases.  
SOURCE: EC:083  
SOURCE: Burrow, J.L., & Kleindl, B. (2012). *Business management* (13th ed.) [p. 211]. Mason, OH: South-Western, Cengage Learning.
20. A  
Assessing a weakness to improve performance. Self assessment involves objectively looking at your own strengths and weaknesses, so you can make the best of your strengths and take steps to improve your weaknesses. In the situation provided, Joe's weakness was the grammatical errors that he failed to find and correct in his research report. He determined that he could improve his performance by taking more time to proofread his work in the future before submitting it to his teacher. A false generalization is making a broad assumption with very little supporting evidence. A false generalization that Joe might make is that he is a terrible writer because he received a low grade on one paper. Joe is not making a false generalization, identifying a way to enhance his creativity, or comparing his talents with those of his classmates.  
SOURCE: EI:002  
SOURCE: EI LAP 17—Assess for Success (Assessing Personal Strengths)
21. A  
Constructive criticism. Constructive criticism is evaluative information designed to help someone improve. It is especially useful when it is offered to workers improve their performance or behavior on the job. In the situation provided, the supervisor points out a problem with Amber's work priorities and explains why it is important to submit the weekly expense report on a certain day. Though the supervisor's comments may be unsolicited, they are based on facts rather than opinion. Because the supervisor understands that Amber has a lot of work to do, s/he is delivering the message (rather than a response) in an empathic (rather than defensive) way. Internal feedback comes from within yourself.  
SOURCE: EI:003  
SOURCE: EI LAP 15—Grin and Bear It (Using Feedback for Personal Growth)
22. D  
They can change over time. Secondary dimensions of diversity are differences that may change at various points throughout one's lifetime and include characteristics such as language, religion, income, geographic location, family status, work experience, communication style, and education level. Physical traits and mental aptitudes are primary dimensions of diversity, which are inborn differences that cannot be changed. These differences include gender, age, race/ethnicity, etc. Subculture is a secondary group within a dominant culture. For example, suppose that a U.S. citizen has parents of Chinese decent; the Western culture is most likely the person's dominant culture, while his/her Chinese heritage represents a subculture. A person's subculture may influence some of a person's secondary dimensions of diversity, but it does not determine these dimensions.  
SOURCE: EI:033  
SOURCE: EI LAP 11—Getting to Know You (Cultural Sensitivity)
23. C  
Provide supporting facts. Providing supporting facts builds your credibility. And if others view you as a credible person, you are more likely to persuade them to take action. Overstating the benefits and providing illogical reasons are not likely to enhance your credibility and persuade others to take the desired action.  
SOURCE: EI:012  
SOURCE: QS LAP 10—Win Them Over

24. B  
It serves as a guide for decision making. When a shared vision exists, all members of the organization understand and support the organization's purpose. Successful organizations set goals and make decisions to fulfill the organization's purpose, which is based on the vision. A shared vision does not ensure that goals are achievable. Groupthink is a form of extreme cohesiveness that occurs when individuality and independent thinking within the group is discouraged. Ethnocentrism is the belief that your own culture is naturally better than other cultures. Unattainable goals, ethnocentrism, and groupthink tend to create circumstances that hinder an organization's ability to achieve its purpose.  
SOURCE: EI:060  
SOURCE: EI LAP 13—Vision Quest (Enlisting Others in Vision)
25. A  
Jason accepts credit for Tori's advertising campaign idea during a meeting with management. Political relationships in the work environment involve building alliances with managers and colleagues to maximize leverage within the organization. While political relationships (often called office politics) facilitate beneficial results for the business, some individuals use negative tactics to obtain leverage for their own purposes. One of these tactics involves taking credit for another person's idea or work. By taking credit for another person's work, the individual is trying to make himself/herself look competent at the expense of others. This type of behavior typically creates a negative, distrustful work environment. Volunteering to work on a project, giving sincere compliments, and dressing professionally are good ways to build positive business relationships.  
SOURCE: EI:034  
SOURCE: DuBrin, A.J. (2007). *Fundamentals of organizational behavior* (4th ed.) [pp. 271-274]. Mason, OH: Thomson South-Western.
26. D  
Late. Credit-card issuers often charge late fees for payments that do not arrive on time. In the example, the card-card issuer received Elise's payment several days after the due date. Some credit-card issuers require credit-card holders to pay an annual fee for the privilege of using the credit card. A cash-advance fee is a charge for using the credit card to obtain cash. A balance-transfer fee is a charge for moving a balance owed from one credit card to another credit card. Credit-card holders often transfer their balances to cards that have lower interest rates.  
SOURCE: FI:071  
SOURCE: Campbell, S.R. (2010). *Foundations of personal finance: Teacher's Edition* (pp. 213-214). Tinley Park, IL: Goodheart-Willcox Company.
27. D  
Investors have access to a fund manager's expertise. A mutual fund is a type of ownership investment that involves collecting money from many people and then investing it in an assortment of different securities such as stocks or bonds. The benefit to shareholders of placing money in mutual funds is that a well-trained fund manager has the expertise to make smart investment decisions on their behalf. Shareholders are not guaranteed a minimal amount of return on their mutual-fund investments, but because the funds are spread out among different securities, the risk of a total financial loss is reduced. Disadvantages to investing in mutual funds are that shareholders pay fees for someone to manage their investments, and the mutual-fund earnings are taxable.  
SOURCE: FI:077  
SOURCE: QS LAP 32—Risky Business
28. C  
Sources of the risks. Risk management involves carrying out activities to limit the business's losses. The first step in risk management is identifying the various risks the businesses face. By understanding the circumstances that increase risk, the business can determine how to measure, respond, and manage it. Probability and impact are two dimensions of measuring risk. Transferring risk is a risk-response strategy. Purchasing an insurance policy is a common way to transfer risk.  
SOURCE: FI:084  
SOURCE: FI LAP 8—Prepare for the Worst; Expect the Best (Nature of Risk Management)

29. C  
Identify a trend. One reason that businesses analyze financial information is to identify trends. In the example, the company's sales for a certain product have decreased over time, which indicates a problem. With this information, the company can take steps to determine the reason for the sales decline so it can take corrective action. For example, the business might survey customers and ask them about their experiences with the product. If the customers say that the product is inferior or defective, the business might decide to drop the item from its product line. The financial information did not help Samantha calculate liquidity ratios, make a pricing decision, or negotiate a contract.  
SOURCE: FI:579  
SOURCE: Dlabay, L.R., & Burrow, J.L. (2008). *Business finance* (pp. 341-343). South-Western Cengage Learning.
30. B  
Buildings, vehicles, and capital equipment. A balance sheet is a financial statement that captures the financial condition of the business at that particular moment. The balance sheet shows a business's assets, liabilities, and owner's equity. Long-term assets are items of value—buildings, vehicles, and capital equipment—that businesses use to generate revenue for more than a year. Inventory and cash are listed as current or short-term assets, which involve levels that tend to fluctuate. The mortgage is a long-term liability, and accounts payable (e.g., insurance premiums) are current liabilities.  
SOURCE: FI:093  
SOURCE: Dlabay, L.R., & Burrow, J.L. (2008). *Business finance* (p. 73). South-Western Cengage Learning.
31. A  
Determine where the business is on target and where it is not. The budget lets the business know if it is achieving its goals. If the actual performance is lower than expected, the business can take steps to correct the problem. Such actions might include finding ways to lower expenses or using strategies to increase sales to achieve the desired profit levels. Depending on the situation, the business might be able to change its operating procedures to improve performance. Analyzing budget variances will not help the business understand the generally accepted accounting principles, which are guidelines for recording and reporting financial data.  
SOURCE: FI:106  
SOURCE: FI LAP 6—Money Tracks (Nature of Budgets)
32. B  
Conflict of interest. A conflict of interest involves a situation in which an individual has a personal stake in the outcome of an action or decision that affects others. In the example, Logan is in a position to influence a hiring decision that involves his best friend. Markus may be a qualified candidate, but if he is hired, it may appear that he got the job because of his friendship with Logan. There is not enough information provided to determine if Logan is withholding the fact (lack of transparency) that he and Markus are friends or if Logan is engaging in bribery. Cultural bias involves favoring one culture over another.  
SOURCE: HR:411  
SOURCE: Healthfield, S.M. (2012). *Conflict of interest: Examples of potential workplace conflicts of interest*. Retrieved November 6, 2012, from <http://humanresources.about.com/od/glossary/qt/conflict-of-interest.htm>
33. B  
Prediction. A prediction is a forecast that people make about the future. Predictions are not always supported by data. In the example, the CEO did not provide numerical sales data or specific economic indicators to support his/her statement. An estimate is an educated guess that may consider data that are not verified. Facts are verified data. A recommendation is a suggestion to take a certain course of action.  
SOURCE: IM:012  
SOURCE: IM LAP 12—Data Do It (Need for Marketing Data)

34. C  
Data processing. Data processing is an important activity in the marketing-information management function because data are typically not useful in their original form. Data processing takes the raw data and transforms them into organized, meaningful marketing information. After transforming the data into useable information, marketers gather the information and prepare reports to facilitate decision making. Data mining is the process of searching computer databases to look for patterns and relationships among information.  
SOURCE: IM:001  
SOURCE: IM LAP 2—Get the Facts Straight (Marketing-Information Management)
35. D  
Implementing procedures to protect the privacy of survey respondents. Taking steps to protect the privacy of survey respondents is an ethical action. Manipulating feedback, distributing personal information without permission, and using complex e-mail opt-out processes are unethical behaviors.  
SOURCE: IM:025  
SOURCE: Churchill, G.A., Brown, T.J., & Suter, T.A. (2010). *Basic marketing research* (7th ed.) [pp. 46-47]. Mason, OH: South-Western Cengage Learning.
36. D  
Protect the patients' privacy rights. By law, healthcare organizations must take steps to ensure that patients' medical records are secure and that patients know how the healthcare organization uses and discloses medical information. The government does not regulate healthcare information-management activities to prevent personal-injury lawsuits, keep tax information confidential, or improve employees' performance.  
SOURCE: IM:419  
SOURCE: About.com. (2012). *Protecting the privacy of patients' health information*. Retrieved November 12, 2012, from <http://seniorhealth.about.com/library/news/blprivacyreg.htm>
37. A  
Internal, quantitative. Internal data, such as expense reports and cash-register receipts, are generated within the business. Because expense reports and cash-register receipts contain specific, numerical, measurable data, they are quantitative data. Businesses collect external data from outside sources such as competitors' web sites and government publications. Qualitative data are based on emotions, feeling, thoughts, and experiences. Elementary and organic are not types of data.  
SOURCE: IM:281  
SOURCE: IM LAP 15—What's the Source? (Obtaining Marketing-Research Data)
38. A  
Strategy-oriented decision problem. A decision problem states the purpose of or need for the marketing research. Strategy-oriented decision problems involve answering the questions "how?" or "which?". Discovery-oriented decision problems involve answering the questions "what?" or "why?". Researchers often clarify the decision problem by conducting a situation analysis, which involves analyzing current conditions that affect the business. After researchers pinpoint the decision problem, they can decide how to design and carry out the marketing research.  
SOURCE: IM:282  
SOURCE: IM LAP 13—What's the Problem? (Marketing Research Problems)

39. D  
A quick-serve restaurant introduces a breakfast burrito to a limited segment of the market to determine product acceptability. The quick-serve restaurant is test marketing a new product, which is a type of causal research. Causal research focuses on cause and effect and tests "what if" scenarios. The answer exemplifies the "what if" scenario because the quick-serve restaurant wants to know *what* the market's response will be *if* it adds a breakfast burrito to its menu options. Marketers use exploratory research to help them define an issue, situation, or concern. Businesses often use existing data such as sales invoices to conduct exploratory research. A focus group is one method that marketers use to conduct exploratory research. A suggestion card is a type of survey, which is a form of descriptive research. Descriptive research involves research gathering specific information related to the identified issue, situation, or concern.  
SOURCE: IM:284  
SOURCE: IM LAP 14—Better By Design (Marketing-Research Designs)
40. A  
Skip interval. Systematic random sampling is a probability sampling method that involves placing sampling units into a random list and drawing a sample using a skip interval. Skip interval is the number of spaces between each sampling unit drawn in systematic random sampling. Stratum and cluster are types of probability sampling methods that involve dividing the target population into non-overlapping groups or subpopulations. Quota sampling is a non-probability sampling method, which ensures that specific groups within a population are represented within the sample. Quota gap is not a consideration when using the systematic random sampling method.  
SOURCE: IM:285  
SOURCE: IM LAP 16—Take Your Pick (Nature of Sampling Plans)
41. A  
Likert. The Likert scale measures the respondents' level of agreement with a statement. The response options might include phrases such as strongly agree, agree, no opinion, disagree, and strongly disagree. The semantic differential scale provides seven spaces that are bound by descriptive antonyms at each end of the scale, such as durable and fragile. The respondent places an "X" at the point or space on the continuum that best describes his/her feelings about the object or idea that s/he is rating. A paired comparison scale asks respondents to make comparisons based on specific circumstances or criterion. Retention is not a type of rating scale.  
SOURCE: IM:286  
SOURCE: Zikmund, W.G., & Babin, B.J. (2010). *Exploring marketing research* (10th ed.) [pp. 346-350, 355]. Mason, OH: South-Western Cengage Learning.
42. B  
Maintain a product diary. A product diary is a type of survey that requires participants to log various types of data in a central location (e.g., printed booklet or online application) for a specific period of time. For example, marketing researchers may ask the participants to note where they purchase certain items and brands and why they select specific items. After the marketing researchers collect the diaries, they can analyze the data and gain insight about the participants' buying habits. A blog is an online diary in which individuals or groups (e.g., businesses and media outlets) post information and typically provide readers with opportunities to comment about the content. In the situation provided, marketing researchers are asking participants to record information about specific activities—not their ideas or opinions.  
SOURCE: IM:287  
SOURCE: MarketingTeacher.com. (2000-2012). *Primary marketing research: Diaries*. Retrieved October 11, 2012, from <http://www.marketingteacher.com/lesson-store/lesson-marketing-research-primary.html>

43. A

Avoid appearing biased. A personal interview is one way to collect detailed, qualitative marketing-research data. When marketing researchers conduct interviews, it is important for them to make the interviewees feel comfortable and willing to talk openly about the topic at hand. Interviewers should monitor their verbal and nonverbal behavior to ensure that they appear neutral and unbiased. If an interviewer says or does something to indicate a biased attitude, tries to influence responses, or dominates the conversation, the interviewee may not feel comfortable answering questions honestly. If the interviewee provides dishonest answers, the research is inaccurate or unreliable. A time limit on an interview is not a reason for an interviewer to monitor his/her verbal and nonverbal behavior during the interview.

SOURCE: IM:418

SOURCE: Zikmund, W.G., & Babin, B.J. (2010). *Exploring marketing research* (10th ed.) [pp. 212-215]. Mason, OH: South-Western Cengage Learning.

44. B

Tabulating data. Tabulation involves counting the number of respondents who answered each question with one of the possible answers that appear on a survey. For example, if 100 people answered a questionnaire, researchers need to know how many of them agreed, disagreed, or had no opinion about the questions. The tabulation process also helps marketing researchers identify non-response errors which result when respondents do not answer questions. After tabulating the data, marketing researchers can put the data in useful formats for managers to analyze and interpret. Marketing researchers develop the sample plan and assign numerical values to potential answers before sending the survey to the participants.

SOURCE: IM:062

SOURCE: Hair, J.F., Bush, R.P., & Ortinau, D.J. (2009). *Marketing research in a digital information environment* (4th ed.) [pp. 467-469]. New York: McGraw-Hill Irwin.

45. A

Mode. Mode is one measure of central tendency. The mode is the answer to a question that is given most often by respondents. Mean refers to the mathematical average of all responses. A median is the middle value of the established sample criteria; half of the data or responses are below the median value, and half are above the median value. Scope is not a measure of central tendency.

SOURCE: IM:191

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (p. 171). Woodland Hills, CA: Glencoe/McGraw-Hill.

46. D

Rosanna checks two response options for one question on a paper questionnaire. A response error occurs when a respondent provides an incorrect answer or response. Response errors often occur when respondents do not understand the question or when they hurry to complete the survey and do not read instructions or questions carefully. Because Rosanna provides two responses or answers for one question, the questionnaire contains a response error. A non-response error occurs when a respondent does not answer all of the questions in a survey. Because Jack does not provide his telephone number, the survey contains a non-response error. Providing an opinion during a focus group and pausing before answering a question are not examples of errors.

SOURCE: IM:292

SOURCE: Zikmund, W.G., & Babin, B.J. (2010). *Exploring marketing research* (10th ed.) [pp. 491-496]. Mason, OH: South-Western Cengage Learning.

47. B

Leading question. Leading questions tend to influence the respondents' answers and create bias, which skews results. Because words such as "wastes" and "unnecessary programs" tend to generate strong emotional reactions and overall negative views about the topic, the survey question is biased. The question is a close-ended question because it requires a "yes" or "no" answer. The situation does not exemplify an indifferent statement, an open-ended inquiry, or an unstated alternative.

SOURCE: IM:293

SOURCE: Churchill, G.A., Brown, T.J., & Suter, T.A. (2010). *Basic marketing research* (7th ed.) [pp. 302-303]. Mason, OH: South-Western Cengage Learning.

48. D

Variety-seeking. This type of buying behavior usually involves the purchase of routine items such as crackers, shampoo, and potato chips. The buyer might be very aware of the differences among brands but feels a desire to try something different. Because the items are relatively inexpensive, there is no great risk in trying something new. When a buyer prefers to purchase a certain brand but will accept substitutes if the brand is not available, the buyer has a brand preference. People who are motivated by a desire to have the best quality, most expensive, or trendiest goods and services tend to purchase status-oriented items. Price-oriented buyers are concerned with the product's price and value. There is not enough information provided to determine if Anna considered price when she purchased the potato chips, or if she prefers a particular brand of potato chip.

SOURCE: MK:014

SOURCE: Kotler, P., & Armstrong, G. (2008). *Principles of marketing* (12th ed.) [pp. 145-147]. Upper Saddle River, NJ: Prentice-Hall.

49. C

Place. The marketing mix is the combination of the four elements of marketing—product, place, promotion, and price. Place is the marketing element that focuses on getting a product in the right place at the right time. A primary consideration of place is the customers' accessibility to the product. If the product is accessible through as many outlets as possible, there is a high level of convenience for customers. Think about all the places that you can buy a Hershey's candy bar—grocery stores, convenience stores, drug stores, etc. On the other hand, products that are distributed through a few channels limit customers' accessibility to them. Luxury items such as Bentley cars are available through a limited number of dealerships, which makes the product less accessible to customers. Product is the marketing element that involves determining the goods, services, or ideas that the business will offer its customers. Price is the marketing element in which marketers determine the amount of money they will charge in exchange for their products. Promotion is the marketing element that considers the various types of communications that marketers use to inform, persuade, or remind customers of their products.

SOURCE: MP:001

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

50. B

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)

51. C

A good marketing plan contains the business's specific marketing goals and strategies. A marketing plan is a set of procedures or strategies for attracting the target customer to a business. A good marketing plan is specific—it defines the business's specific marketing goals and the specific ways (strategies) in which the business plans to achieve those goals. As a component of the business plan, the marketing plan is read by a wide audience (e.g., managers, potential investors, and board members) and is important for both large and small businesses. Although writing a marketing plan can involve quite a bit of time to research and write, it is worth the effort because it provides a solid foundation for the business's marketing activities.

SOURCE: MP:007

SOURCE: MP LAP 1—A Winning Plan (Nature of Marketing Plans)

52. A  
Internal strength. A situation analysis is a determination of a company's current business situation and the direction in which it is headed. A comprehensive situation analysis involves evaluating the internal and external circumstances that are currently affecting the business environment. Conducting a situation analysis helps the company make business decisions that make the most of its strengths, such as maintaining a comprehensive, current, and flexible database. Companies can also use the situation analysis to improve internal weaknesses and adjust to external challenges. A comprehensive, current, and flexible database system is not an external asset, product benefit, or technological flaw.  
SOURCE: MP:008  
SOURCE: Soloman, M.R., Marshall, G.W., & Stuart, E.W. (2008). *Marketing: Real people, real choices* (5th ed.) [pp. 43-44]. Upper Saddle River, NJ: Pearson Prentice Hall.
53. C  
His company's intranet. An intranet is an internal network similar to the Internet that is accessible only by authorized personnel. It is used to access information and communicate with others within an organization. A company intranet often consists of internal databases, which provide computerized storage for information and facts. Businesses typically maintain information in their databases that are relevant to their operations—product specifications, inventory levels, vendor contact information, customer sales records, etc. When an employee needs information, such as the model number of a customer's printer, s/he can quickly obtain the customer's sales records by accessing data stored on the intranet, which will ensure that the employee orders the correct printer cartridge for his/her customer. The manufacturer's accounting department, its production manager, and the company's contact directory are unlikely to have the information needed.  
SOURCE: NF:078  
SOURCE: Dlabay, L.R., Burrow, J.L., & Kleindl, B.A. (2012). *Principles of business* (8th ed.) [p. 264]. South-Western, Cengage Learning.
54. C  
Using a quotation to communicate product information. In this situation, the quotation provides the reader with information about the product's purpose—to help students learn in new ways. Lucinda may have made the statement at a sales meeting, but there is not enough information provided to determine when or where she said it. Because the statement is placed in quotation marks, it is written exactly as it was spoken, rather than paraphrased. A testimonial is a statement by an identified user of a product proclaiming the benefits received from the use of the product. The statement does not provide any information about the product's features, nor does it provide enough information to determine if Lucinda has actually used the new product to provide a testimonial.  
SOURCE: NF:080  
SOURCE: Young, D.J. (2006). *Foundations of business communication: An integrative approach* (p. 301). New York: McGraw-Hill/Irwin.
55. C  
Keeping employees' payroll records in unsecured computer databases. Businesses have an ethical obligation to store their confidential information (e.g., payroll records) in secure and confidential ways. One way to protect confidential information is to limit others' accessibility to it. Requiring qualified employees to use computer passwords to access the confidential information can reduce the risk of unethical behavior—such as snooping or spying. Telling employees about telephone monitoring policies; requesting customers' permission to share their information with others; and using opt-in e-mail to communicate with customers are ethical actions.  
SOURCE: NF:111  
SOURCE: Burrow, J.L., & Kleindl, B. (2012). *Business management* (13th ed.) [pp. 312-313]. Mason, OH: South-Western, Cengage Learning.

56. A  
Records become inaccessible due to obsolete technology. As technology evolves, new tools and storage formats replace the older, less efficient ones. For example, most of today's computers cannot access data stored on a floppy disk. Rather than keeping out-of-date equipment on hand to read older files, businesses often migrate their older records to current technology, which is costly in terms of time and money. When businesses use current technology, they can update their data and business records quickly. Similar to manual record-keeping processes, businesses can develop and "file" their documents on computers in organized ways. Businesses are required to keep certain types of records (e.g., financial) for a certain time, but they do not need to keep all documents for a minimum amount of time.  
SOURCE: NF:001  
SOURCE: NF LAP 1—Record It (Business Records)
57. B  
When it produces an original artistic work. Intellectual property is the business's intangible assets that result from thinking processes. A business can legally protect its intellectual property from unauthorized use by registering it with the appropriate government agency. A copyright legally protects artistic works such as books, music, paintings, etc. A patent protects manufacturing processes and inventions. A trademark legally protects symbols, designs, or words used by producers to identify their goods or services. Trade-secret laws protect property such as customer lists and recipes.  
SOURCE: OP:153  
SOURCE: Miller, R.L., & Jentz, G.A. (2005). *Fundamentals of business law* (6th ed.) [p. 119]. Mason, OH: Thomson/South-Western.
58. C  
Dynamic. Businesses rely on projects because the business environment is dynamic (always changing). Projects allow businesses to take advantage of new opportunities at a moment's notice. The business environment is not necessarily hard to understand nor is it inflexible. The business environment is full of competition, another reason it's important for businesses to undertake projects.  
SOURCE: OP:158  
SOURCE: OP LAP 6—Projected to Win (Nature of Project Management)
59. D  
Specifications and deadlines. The request for quotation (RFQ) summarizes the details about the business's needs, bid requirements (guidelines), and deadlines. The business should include statistical data if the prospective vendor needs them to respond to the RFQ. Businesses typically do not include prices, purchase orders, discounts, and checklists in their RFQs.  
SOURCE: OP:160  
SOURCE: Arthur, L. (2012). *Five steps of a bidding process*. Retrieved November 6, 2012, from <http://smallbusiness.chron.com/five-steps-bidding-process-23870.html>
60. C  
Sport utility vehicle. The conversion process is the stage of production in which inputs are turned into goods or services. Capital-intensive conversion processes depend on the use of equipment to create outputs. Businesses use capital-intensive conversion processes to make mass-produced goods such as vehicles, fuel, and canned food items. Cutting hair, making a quilt by hand, and repairing a computer are labor-intensive conversion processes because they rely heavily on the skills of workers to create the goods or services.  
SOURCE: OP:017  
SOURCE: OP LAP 4—Can You Make It? (Nature of Production)

61. A

Train employees thoroughly. An important aspect of maintaining a quality work culture is making sure that employees know how to perform their jobs correctly and efficiently. And for employees to perform their jobs to the best of their abilities, businesses need to provide them with thorough training. Businesses often provide ongoing training so that employees are able to keep up with technological changes. Businesses also create and maintain a quality work culture by getting input from internal and external sources to solve problems when needed. Emphasizing short-term gains and focusing primarily on financial issues are barriers to maintaining a quality work culture.

SOURCE: OP:019

SOURCE: Woodruff, D. (n.d.). *Overcome barriers to quality*. Retrieved October 18, 2012, from <http://www.managementmethods.com/forms/Overcome%20Barriers%20to%20Quality.article.dmw.pdf>

62. C

Discard outdated files and papers. Throwing away papers that you no longer need helps reduce clutter and keeps your workspace organized. And when your workspace is organized, it is easier to find the things that you need to perform your work efficiently. Making copies of all computer documents—especially of items that you do not need—tends to increase clutter. Depending on the type of work that you do, you may need to keep hard copies on hand; therefore, you probably will not want to place all of your paperwork in storage boxes or shred documents that are over one year old. Also, businesses are required to keep certain types of records (e.g., financial) for several years.

SOURCE: PD:009

SOURCE: Spiro, J. (2010, June 22). *How to organize your workspace*. Retrieved October 8, 2012, from <http://www.inc.com/guides/2010/06/organize-your-workspace.html>

63. B

Kayla follows the public-relations director of a local company to learn about his/her career. Job shadowing involves following an employee while s/he is working to gain insight about a specific occupation or career. Job shadowing allows Kayla to watch a public-relations professional's day-to-day work activities. The experience may help Kayla decide if she would like to work in the public-relations profession. Tom is asking the advertising manager about professional organizations, which are groups that provide businesspeople with professional development and networking opportunities. Delia wants to do volunteer work, and Brian is setting up an exploratory interview, which is a meeting to gather information about a specific topic.

SOURCE: PD:022

SOURCE: Kelly-Plate, J., & Volz-Patton, R. (2004). *Exploring careers* (4th ed.) [pp. 52-53]. New York: Glencoe/McGraw-Hill.

64. B

Posture and eye contact. Employers are more likely to hire enthusiastic people who appear confident in their abilities. Your gestures and posture communicate a lot about how you feel about yourself, so it is important to watch your nonverbal cues during a job interview. Using a firm handshake and exhibiting good posture indicate that you are self-confident. Maintaining eye contact and nodding your head show the interviewer that you are listening to him/her. And your clothing can communicate your personality and the level of care that you take with your appearance. Crossing your arms may suggest that you are uncomfortable or that you disagree with something the other person is saying. Vocal intensity, pitch, and diction are important verbal cues that you should monitor during the interview.

SOURCE: PD:028

SOURCE: Kimbrell, G., & Vineyard, B.S. (2006). *Succeeding in the world of work* (pp. 136-139). New York: Glencoe/McGraw-Hill.

65. C  
A long drought damages the corn crops. Crop damage yields less corn, which decreases the supply available to meet demand. When demand is greater than supply, prices tend to increase. Because many types of products contain corn, their prices typically go up as well. If the corn supply is high and demand for it declines, the price of corn tends to decrease. Low or stable inflation would not cause the price of corn to increase. Reduced marketing activities are unlikely to drive up the price of corn.  
SOURCE: PI:001  
SOURCE: PI LAP 2—The Price Is Right (Nature of Pricing)
66. B  
Three computer-chip manufacturers agree to sell their products within a certain price range. Price fixing is an illegal arrangement that occurs when businesses agree on prices of their goods or services. Price fixing hinders competition because it results in little choice for the consumer. Dramatically increasing prices for necessary items during a natural disaster is an example of price gouging. Price skimming involves setting high prices for new products and lowering them over time. Offering coupons is a form of sales promotion.  
SOURCE: PI:017  
SOURCE: Kotler, P., & Armstrong, G. (2008). *Principles of marketing* (12th ed.) [p. 324]. Upper Saddle River, NJ: Prentice-Hall.
67. A  
Growth. One factor that businesses consider when they adjust a product's price is its life-cycle stage. During the product's growth stage, competitors are entering the market with copycat products. When consumers have more products from which to choose, the business is likely to reduce the product's price to remain competitive in the marketplace. During the maturity stage of the product's life cycle, businesses tend to focus on stabilizing the product's price to maintain a share of the market. Trough and peak are phases of the business cycle.  
SOURCE: PI:002  
SOURCE: PI LAP 3—Make Cents (Factors Affecting Selling Price)
68. A  
Introduction. The product failure rate is highest during the introduction stage of the product life cycle. It might be because the company neglected to complete its research, because the product is not quite ready, because the company does not have an effective launch plan, or because the company simply does not have the resources necessary to market the product successfully. The product failure rate is not as high in the growth, maturity, and decline stages.  
SOURCE: PM:024  
SOURCE: PM LAP 18—Get a Life (Cycle) (Product Life Cycles)
69. C  
Testing on animals. Product testing on animals involves exposing animals to the product (e.g., cosmetics, medications) in a variety of ways to determine if it is safe for human use. Because many people believe that this is an unethical practice, many companies are looking for alternative ways to test the safety of their products. Collusion or price fixing is an illegal practice in which businesses agree on the prices of their goods or services, resulting in little choice for the consumer. Bait-and-switch advertising occurs when a business promotes a low-priced item to attract customers to whom it then tries to sell a higher priced item. Setting unrealistic sales goals is an ethical issue related to the selling function.  
SOURCE: PM:040  
SOURCE: The Humane Society of the United States. (2012). *Cosmetic and product testing*. Retrieved September 12, 2012, from [http://www.humanesociety.org/issues/cosmetic\\_testing/](http://www.humanesociety.org/issues/cosmetic_testing/)

70. D  
Personal expertise. People often identify product opportunities based on their education and personal experiences. Hannah observed that many businesspeople lack the skills and knowledge to work effectively with people from different cultures. As a result of studying and working in international business, Hannah identified an unmet need, which prompted her to start her own consulting firm. Hobbies, technology, and accidental discovery are other ways to identify product opportunities; however, Hannah did not use these methods in the situation described.  
SOURCE: PM:134  
SOURCE: Katz, J. & Green, R. (2011). *Entrepreneurial small business* (3rd ed.) [pp. 82-83]. New York: McGraw-Hill Irwin.
71. C  
Attribute listing. Programmed thinking is a process that involves generating ideas in logical, analytical, and organized ways. Attribute listing is an idea-generation technique that involves listing the characteristics or attributes of something and then finding ways to improve these attributes. For example, suppose that a business wants to improve a bike. The business would begin by listing attributes of the bike—the wheels, seat, frame, gears, chain, etc. When listing the attributes, the business might decide that it could improve the seat by using different padding or by changing the shape of the seat to make it more comfortable for the rider. Mind mapping, forced questioning, and synectics are idea-generation techniques that use lateral thinking, which is a process that involves generating ideas in purposely illogical ways.  
SOURCE: PM:127  
SOURCE: PM LAP 11—Unleash Your Oh! Zone (Techniques for Generating Ideas)
72. C  
Improved an existing product to solve a common problem. The problem many people face is car break-ins. The automobile manufacturer took an existing item—a car passenger seat—and improved it by adding a storage compartment to the design of the seat. The storage area in the car seat can be used to hide valuables, lowering the risk of thieves breaking into the cars. The improved product may provide the auto manufacturer with a competitive advantage. There is not enough information to determine the type of market that the automobile manufacturer wants to attract. It is likely that this feature would be attractive to many types of drivers.  
SOURCE: PM:128  
SOURCE: Tucker, R.B. (2011, October 31). *7 strategies for generating ideas*. Retrieved October 31, 2012, from <http://www.innovationexcellence.com/blog/2011/10/31/7-strategies-for-generating-ideas/>
73. A  
Limited warranty. A warranty is a promise made by the seller to the customer that the seller will repair or replace a product that does not perform as expected. In the example, the manufacturer states that it will replace a specific part (motor) of the lawnmower if it does not work properly; therefore, it is providing the customer with a limited warranty on the product. A full warranty is a warranty that covers the entire product. A guarantee is a promise made to the consumer that a product's purchase price will be refunded if the product is not satisfactory.  
SOURCE: PM:020  
SOURCE: PM LAP 4—Promises, Promises (Warranties and Guarantees)

74. D

List all ingredients on the products' packaging. Listing the ingredients on food packaging allows consumers to read the contents of processed foods. This is important because consumers who are allergic to certain foods or food additives can determine if the product is safe for them to eat by reviewing the ingredients that are listed on the packaging. Hazardous product symbols are typically added to the packages of non-food items (e.g., cleaning products) that contain dangerous chemicals. Many governments require food manufacturers to include nutritional information on their labels or packaging; however, this requirement is not tied specifically to allergies. It is important to seal packages to prevent product tampering but this will not prevent people from accidentally consuming foods to which they are allergic.

SOURCE: PM:017

SOURCE: U.S. Food and Drug Administration. (2006, July 18). *Food Allergen Labeling and Consumer Protection Act of 2004: Questions and answers*. Retrieved October 18, 2012, from <http://www.fda.gov/Food/LabelingNutrition/FoodAllergensLabeling/GuidanceComplianceRegulatoryInformation/ucm106890.htm#q5>

75. B

Product cannibalization. Businesses watch and adjust their product lines to meet customers' changing needs and wants, which helps them compete effectively in the marketplace and generate profits. A business might decide to remove a product from its product mix to avoid or eliminate cannibalization, which occurs when the sale of one of a company's products takes away sales from another product. In short, the business will give up one product to extend the life cycle of another product. Alteration is a product-mix strategy that involves making changes to the company's products or lines. Alteration may involve completely redesigning a product or changing things such as color, style, or packaging. Substitution involves using a similar product in place of another good or service. A business might substitute one or a few products, but it is unlikely to substitute items for its entire inventory. Inventory shrinkage involves inventory losses due to shoplifting, employee theft, breakage, misplaced goods, or poor record keeping.

SOURCE: PM:003

SOURCE: PM LAP 3—Mix &amp; Match (Nature of Product Mix)

76. C

Often lowers the marketing costs. Product bundling involves combining several products and selling them for one all-inclusive price. Bundling products often lowers a business's marketing costs because the business is selling three items together as one unit rather than three individual items. Bundling products for one low price communicates value to consumers and may reduce their comparison shopping activities, but comparison shopping cannot be eliminated. Bundling products does not reduce product-quality problems, but changes in production processes might improve the quality of products. Product placement is a form of advertising media that uses products as props (e.g., in films or television shows). Product bundling does not usually decrease a business's promotion goals in relation to product-placement.

SOURCE: PM:041

SOURCE: Tjan, A. (2010, February 26). *The pros and cons of bundled pricing*. Retrieved September 12, 2012, from <http://blogs.hbr.org/tjan/2010/02/the-pros-and-cons-of-bundled-p.html>

77. C

Associating an artificial sweetener with sugar. Positioning is a product mix strategy in which a business creates a certain image or impression of a product in the minds of consumers. One strategy businesses might use to position their products is by associating the good or service with a particular product category. Sugar, artificial sweeteners, and certain herbs are items that people use to sweeten foods and beverages to enhance their taste. Emphasizing a warranty is using a product benefit to position the car. A business that focuses on value is using price to position its products. When a resort communicates information about its luxury services, it is using quality to position its product.

SOURCE: PM:042

SOURCE: Lamb, C.W., Hair, J.F., & McDaniel, C. (2011). *MKTG: Student edition* (4th ed.) [pp. 130-131]. South-Western Cengage Learning.

78. A  
Preference. Brand preference is the combined impressions (perceptions) and experiences associated with a particular company, good, or service. Product adoption is the point at which a consumer decides if s/he will buy a new product again. If the consumer begins to buy a product on a regular basis, s/he is developing brand loyalty. Brand preference is the stage of brand loyalty in which consumers prefer to buy a certain brand (e.g., Diet Coke) but will accept substitutes (e.g., Diet Pepsi) if the brand is not available. Brand insistence is the stage of brand loyalty in which consumers insist upon buying a specific brand and will not accept substitutes.  
SOURCE: PM:021  
SOURCE: PM LAP 6—It's a Brand, Brand, Brand, World! (Nature of Product Branding)
79. A  
Disney, Apple, and Nike. A corporate brand is all of the impressions and experiences that consumers associate with a particular company. Disney, Apple, Nike, Procter and Gamble, and Harley-Davidson are corporate brands. Tide is one of Procter and Gamble's product brands; Mountain Dew is one of PepsiCo's product brands.  
SOURCE: PM:206  
SOURCE: Benge, V.A. (n.d.). *Corporate branding vs. product branding*. Retrieved October 1, 2012, from <http://smallbusiness.chron.com/corporate-branding-vs-product-branding-37269.html>
80. D  
Institutional; To indicate the company's interest in environmental issues. Institutional or corporate promotion involves creating a certain image of the business in the eyes of consumers. In the example, Procter and Gamble donates a product that it makes to various conservation groups and causes for the purpose of cleaning and saving wild animals. By doing so, the company is reinforcing an image that indicates its interest in and concern about the environment. The company would most likely demonstrate its support of learning and education by donating items to schools or offering college scholarships. The primary purpose of product promotion is to persuade consumers to buy a good or service.  
SOURCE: PR:002  
SOURCE: PR LAP 4 —Know Your Options (Types of Promotion)
81. A  
Sales promotion and advertising. An appropriate blend of the promotional elements enables businesses to communicate effectively with their target markets. Advertising, sales promotion, and publicity are ideal ways to promote products such as shampoo and breakfast cereal to people who routinely buy and use these items. Businesses typically use personal selling to communicate with industrial markets or to promote complex products.  
SOURCE: PR:003  
SOURCE: PR LAP 1—Spread the Word (Nature of the Promotional Mix)
82. C  
Viral video. The soft-drink company is attempting to create buzz about its products by posting a video on popular social media web sites. The goal is to have people share the video link with their friends and family, who in turn, share it with others. In this way, the video is “viral” because the message spreads or passes from person to person similar to an illness or virus. Because the message goes out to the masses, it is a nonpersonal form of communication rather than a customized message. Streaming audio allows a person to listen to a message in real time without downloading it to a computer. Advergaming uses video games to advertise products.  
SOURCE: PR:100  
SOURCE: Marketing Savant. (2008). *The MarkeTech guide to marketing technology and social media marketing*. Retrieved October 2, 2012, from [http://projects.marketingsavant.com/docs/Marketech\\_Final\\_wFinalGlossary.pdf](http://projects.marketingsavant.com/docs/Marketech_Final_wFinalGlossary.pdf)

83. B

A consent order. The government uses a variety of remedies to protect consumers from deceptive advertising practices. When the government issues a consent order, the company that is accused of deception voluntarily stops running an advertisement without admitting guilt. If the company refuses to stop running the ad, the government may issue a cease-and-desist order. A cease-and-desist order requires a marketer to stop running a questionable advertisement until a hearing is held to determine if the advertisement is inappropriate or misleading. Corrective advertising explains and amends information that was deceiving in a previous advertisement. Affirmative disclosure is a type of corrective action in which the government orders the advertiser to include product information in future advertisements that it omitted in its previous advertisements.

SOURCE: PR:101

SOURCE: O'Guinn, T.C., Allen, C.T., & Semenik, R.J. (2009). *Advertising & integrated brand promotion* (5th ed.) [pp. 132-133]. Mason, OH: South-Western Cengage Learning.

84. C

Subway terminals, airport terminals, and enclosed malls. Billboards are a form of out-of-home media. Indoor billboards are panels or boards to which advertising posters are adhered. Businesses often place indoor billboards in high-traffic areas such as subway and airport terminals, enclosed malls, and parking garages. Businesses often place outdoor billboards by highways, busy road intersections, and parking lots. Buses often carry advertising in the form of transit posters.

SOURCE: PR:007

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

85. B

Sharing. Viral marketing is a promotional tactic that involves sending or forwarding promotional messages over the Internet (e.g., e-mail, social-media web sites, 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

SOURCE: Baeldal, T. (2006, November 23). *7 tricks to viral web marketing*. Retrieved October 26, 2012, from <http://www.baekdal.com/analysis/viral-marketing-tricks>

86. D

Statement stuffers. Statement stuffers are promotional pieces that companies often include with invoices or account statements mailed to existing customers. For example, department stores often include coupons with credit-card statements to encourage their customers to shop at their stores or order merchandise from their web sites. Statement stuffers are cost effective because businesses save money on postage. Circulars are advertising inserts that are usually included in newspapers. Self-mailers are direct-mail pieces (e.g. postcards) that do not need envelopes. Classified ads are small print advertisements that specifically state a particular offering or want (e.g., jobs, garage sales, etc.).

SOURCE: PR:089

SOURCE: Clow, K.E., & Baack, D. (2010). *Integrated advertising, promotion, and marketing communications* (4th ed.) [p. 316]. Upper Saddle River, NJ: Prentice Hall.

87. C  
Push money. To increase market visibility, manufacturers often use incentive programs to motivate their independent sales consultants or distributors. These incentives, which are often called push money, may include cash bonuses, prizes, gift cards, or vacations. Typically, independent sales consultants must reach a certain level of sales to obtain push money. Sweepstakes involve games of chance in which customers win prizes. Manufacturers develop cooperative advertising programs to provide channel members with financial assistance to offset product advertising expenses. The purpose of loyalty or frequency programs is to build long-term customer relationships by offering incentives that encourage repeat sales. For example, a pizza chain might give customers a free pizza after they buy six pizzas of similar value.  
SOURCE: PR:249  
SOURCE: Soloman, M.R., Marshall, G.W., & Stuart, E.W. (2008). *Marketing: Real people, real choices* (5th ed.) [p. 425]. Upper Saddle River, NJ: Pearson Prentice Hall.
88. B  
Copy. The purpose of the copy (text) is to communicate information about the product. An illustration is a graphic element. The headline is a phrase that is placed at the top of an advertisement that is used to attract attention. The tag line (slogan) is a phrase that is easy to remember and is often used throughout a business's promotional efforts to reinforce the company's brand.  
SOURCE: PR:014  
SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (pp. 425-433). Woodland Hills, CA: Glencoe/McGraw-Hill.
89. D  
Public-relations activity for a charitable cause. The purpose of the public-relations function is to establish goodwill between the business and its various publics. One way for a business to build goodwill with the community is by participating in charitable events. This might involve providing financial support, goods (e.g., energy bars), or volunteers for the event. A media blitz is an intense effort to communicate information through all possible channels. There is not enough information provided to determine if event organizers used media blitz to publicize the race. The snack-food company is not engaging in a selling activity or an advertising campaign. These activities are not part of the public-relations business function.  
SOURCE: PR:252  
SOURCE: Management Study Guide. (2008-2012). *Types of public relations tools*. Retrieved September 12, 2012, from <http://managementstudyguide.com/types-of-public-relation-activities.htm>
90. B  
Local businesses, charitable organizations, and customers. The purpose of the public-relations function is to establish goodwill between the business and its various publics or audiences. External audiences include local businesses, charitable organizations, customers, government agencies, and the community at large. Internal audiences include the company's employees, executive managers, and board of directors (if the company is a corporation).  
SOURCE: PR:253  
SOURCE: Morton, M. (2010, January 17). *Using public relations to its full potential*. Retrieved October 25, 2012, from <http://www.articlesbase.com/marketing-tips-articles/using-public-relations-to-its-full-potential-1735435.html>
91. C  
Booth rental space. Trade shows are events where businesses display and/or demonstrate their products to build sales leads and interest. A business considers many factors when deciding if it should participate in a particular trade show. There are many costs associated with trade shows including employees' travel and lodging expenses, booth rental space, audio/visual rentals and Internet hookups, display shipping costs, etc. The target audience size, venue appeal, and competitors' attendance are considerations that do not relate to budgeting.  
SOURCE: PR:255  
SOURCE: Trade-Show-Advisor.com. (2005-2012). *Trade show budget considerations*. Retrieved October 25, 2012, from <http://www.trade-show-advisor.com/trade-show-budget.html>

92. D

Tactics. A promotional plan is a framework for the promotional activities of a business. A primary reason for developing a promotional plan is to create effective communication programs that will help the business achieve its marketing goals. A comprehensive promotional plan outlines the specific tactics or actions that the business will use to carry out its promotional strategies. Objectives are the desired outcomes that the business hopes to achieve by carrying out the various tactics. The budget is a tool that projects the expenses and income related to the promotional activities. The evaluation component describes how the business plans to measure the success of its promotional activities.

SOURCE: PR:073

SOURCE: Small Business Notes. (n.d.). *Promotion plan*. Retrieved September 12, 2012, from <http://www.smallbusinessnotes.com/marketing-your-business/promotion-plan.html>

93. C

Having favorable adjustment and return policies. Salespeople are the employees who interact with customers, but the business sets the policies that they must follow. Customers like to know that they can return products if they are not satisfied. Therefore, having liberal return policies helps create customer loyalty and repeat business. In most cases, customers do not take advantage of these policies but appreciate the convenience that they offer. Salespeople can take steps to increase their clientele by following up with customers and by showing interest in the customers' needs and their concerns. Although sales goals are necessary, setting unrealistic or overly high performance goals does not help salespeople build a clientele.

SOURCE: SE:828

SOURCE: SE LAP 115—Keep Them Loyal (Building Clientele)

94. C

Selling-activity. The details regarding quotas for each salesperson would be outlined in a selling-activity policy. Selling-activity policies involve salespeople's interactions with customers. Terms-of-sale policies involve the parts of the sale that concern customers most (e.g., pricing, discounts, etc.). Service policies involve what happens after the sale. Qualifying the customer is another selling-activity policy that involves ensuring that a customer is right for the purchase.

SOURCE: SE:932

SOURCE: SE LAP 121—Selling Policies

95. C

Webinar. A webinar is a live, interactive, online meeting. The advantage of holding a webinar is that the presenter can communicate information to people who are in different physical locations. Because employees can access the computers from different locations, a webinar is a cost-effective way to hold a sales meeting because it reduces the company's travel expenses. A global positioning system (GPS) is an electronic device that provides drivers with accurate directions to destinations. Data-mining software searches different computer databases to look for patterns and relationships among data. Autoresponder is an e-mail function that automatically returns a specified message to anyone who e-mailed a particular address.

SOURCE: SE:107

SOURCE: Sinick, D. (2011, October 11). *How to sell with webinars*. Retrieved September 26, 2012, from <http://www.incomediary.com/how-to-sell-with-webinars>

96. A

Yes. The salesperson is suggesting reciprocity, which is illegal if it hinders competition. Reciprocity occurs when one company agrees to buy products from a second company only if the second company agrees to buy products from the first company. This sales practice usually is considered illegal if it eliminates competition or prevents the second company from buying from other suppliers. Price discrimination is an illegal activity in which a business charges different customers different prices for similar amounts and types of products. A limited partnership is a partnership agreement in which a partner's liability is limited to the amount of the investment. Tie-in sales tactics (also known as tying agreements) are illegal arrangements that require customers to buy other products in order to obtain desired goods and services.

SOURCE: SE:108

SOURCE: Beatty, J.F., & Samuelson, S.S. (2008). *Essentials of business law* (3rd ed.) [p. 93]. Mason, OH: Thomson/South-Western.

97. C

Attending a training session. Salespeople often attend training sessions to acquire product knowledge so that they can clearly explain complex products to their customers. Often, manufacturing representatives will train salespeople to ensure that they thoroughly understand the product, which will help them provide customers with accurate product information. A product brochure is unlikely to contain detailed information about a complex product. Asking a customer about the product might be appropriate with some types of items; however, the manufacturers have detailed information available for complex products. Salespeople must learn about the product before they can conduct a product demonstration for their customers.

SOURCE: SE:062

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (pp. 266, 268). Woodland Hills, CA: Glencoe/McGraw-Hill.

98. B

Multiple uses. Salespeople are more likely to make a sale if they clearly communicate a product's features and benefits. Some products perform multiple functions, which are features that provide benefits—customers do not need to buy individual items to perform each function. The vacuum cleaner can perform several functions—it sweeps up dirt from carpets and floors; it has attachments to remove dust from furniture, draperies, and ceiling fans; and it deep cleans carpets. The example does not communicate information about the vacuum cleaner's construction, durability, or style.

SOURCE: SE:109

SOURCE: SE LAP 113—Find Features, Boost Benefits (Feature-Benefit Selling)

99. A

Customers tend to return fewer products. Discovering customer needs is the phase of the selling process in which the salesperson determines what a customer needs or wants by asking questions and listening to the customer's responses. When salespeople determine what their customers really want, they can select the most appropriate product to show them. In turn, customers are more likely to be satisfied with their purchases and less likely to return products, which is a benefit to the business. Customers often post product reviews—positive and negative—on the businesses' web sites. When salespeople take time to discover customer needs, customers tend to be happier with their purchases and therefore more likely to provide favorable product reviews. A higher commission is a potential benefit to salespeople.

Salespeople, rather than customers, qualify sales leads.

SOURCE: SE:048

SOURCE: SE LAP 126—Set Your Sales (The Selling Process)

100. C

Emotional. Emotional buying motives are based on feelings or emotions. In the example, Mr. and Mrs. Green were motivated by the fear of home burglary. Buying and installing a home-security system appeal to their need to feel safe and protected from intruders. Esteem is another emotional buying motive, which usually involves buying status-oriented products. Patronage motives are reasons for buying that are based on loyalty to a particular business. Rational motives are reasons that involve the use of logic or reasoning to make the buying decision.

SOURCE: SE:359

SOURCE: Burrow, J.L. (2006). *Marketing: Instructor's wraparound edition* (2nd ed.) [p. 151]. Mason, OH: Thomson/South-Western.