Chapter 6 – Analyzing Business Markets

1. The business market differs from the consumer market in that _______.
   a. more mass media are used to communicate with the business market
   b. it is a much larger market with many more buyers than the consumer market
   c. it is a much smaller market in dollar volume than the consumer market
   d. more product customization takes place in the consumer market
   e. it acquires goods or services in order to use them for another purpose, as opposed to acquiring goods or services for personal consumption

2. Business buying behavior differs from consumer buying behavior in that _______.
   a. the buyers for the business market are typically more geographically dispersed than those for the consumer market and the demand for products and services in the consumer market is unaffected by price fluctuations
   b. fewer people typically participate in or influence business buying decisions than in the consumer market
   c. businesses buy products to accomplish a single goal, which varies by industry and business
   d. the demand for business goods and services is derived from consumers’ final demand
   e. businesses buy through longer channels with more intermediaries

3. Business buyers _______.
   a. are geographically as diverse as consumers
   b. tend to be geographically concentrated with over half of them in seven states
   c. are largely concentrated in the southwestern United States
   d. tend to be found in smaller communities and rural areas in the Midwest
   e. use geographical dispersion to keep shipping costs low

4. The buying department for a nursing home is informed the price of the ibuprofen used for patient medication has increased by 15 percent. He orders a new supply anyway because he knows he can pass the increase on to the clients. This is an example of business products having _______ demand.
   A. routine
   b. inelastic
   c. volatile
   d. accelerated
   e. elastic

5. Angelo Weinstein is a produce buyer for Alliant, a large food supplier. He is buying lettuce, cucumbers, and tomatoes for producing pre-made salads. He orders the same number and quality of these vegetables as before but notices that his supplier’s prices have increased slightly. Angelo is conducting a _______.
   a. straight rebuy
   b. direct purchase
   c. modified rebuy
   d. new task buy
   e. reciprocal buy

6. Angelo Weinstein is a produce buyer for Alliant, a large food supplier. He is buying lettuce, cucumbers, and tomatoes for producing pre-made salads. He orders the same number and quality of these vegetables as before but notices that his supplier’s prices have increased slightly. If prices from his usual produce supplier continue to rise, you can expect Angelo to engage in a _______.
   a. straight rebuy
   b. direct purchase
   c. modified rebuy
   d. new task buy
7. Robison Corp. is a ground beef processing plant. Owners William and Walker Robison attended a trade show and saw a meat grinding machine that operates at a capacity of 9,000 pounds per hour and requires only one employee. Until the show, the brothers had no idea such a product existed. As far as they have learned only one company is manufacturing such a machine. They have calculated that such a machine could save them up to $185 a day in labor costs. They have contacted the company to learn more about the $53,000 grinder. The Rogers brothers are engaged in a __________.
   a. straight rebuy
   b. direct purchase
   c. modified rebuy
   d. new task buy
   e. functional rebuy

8. __________ is(are) where a single supplier provides the buyer with all required maintenance, repair, and operating supplies, resulting in lower costs to the buyer.
   a. Missionary sales
   b. A turnkey solution
   c. Project engineering
   d. Systems contracting
   e. Prime contracting

9. With the help of the yard operations manager, the owner of Memphis Logistics is planning on buying a sophisticated loader to move merchandise from trucks onto rail cars. It will be replacing an obsolete piece of equipment which the yard operations manager describes as hard to operate and potentially dangerous. In terms of the buying center, the yard operations manager who will be responsible for the overseeing the employees who operate and maintain the dumper has the roles of __________.
   a. gatekeeper and decider
   b. influencer, user, and approver
   c. buyer, influencer, initiator, and gatekeeper
   d. decider, user, and buyer
   e. initiator, influencer, and decider

10. Erin’s secretary developed a file of visiting salespeople, but only allowed a few to actually have time on Erin’s calendar. Erin is frequently charged with buying expensive office equipment as part of her job. Erin’s secretary is playing what role in the business buying process?
   a. initiator
   b. user
   c. decider
   d. approver
   e. gatekeeper

11. The owner of a mulch plant is planning to purchase a $41,000 trailer for hauling bulk product to a distribution company where the mulch will be packaged into 2 cubic feet bags, and sold at gardening supply stores. The operator of the distribution company would probably assume the roles of __________ in the buying center.
   a. user and gatekeeper
   b. approver and influencer
   c. initiator, gatekeeper, and decider
   d. decider, user, and influencer
   e. influencer and gatekeeper

12. The gardener in charge of maintaining the beautiful grounds at an amusement park was strolling through the park looking at the flowers and bushes from a guest’s perspective when he noticed some Japanese beetles flying around. He made a mental note to himself that he had to order some Japanese beetle traps when he got back to the office. This is an example of which of the steps in the purchase/procurement process?
   a. problem recognition
   b. general need description
   c. product specification
   d. supplier selection
   e. supplier search

13. Which of the following buy phases would definitely be included in a modified rebuy situation?
   a. problem recognition
b. general need description
c. supplier selection
d. supplier search
e. product specification

14. An online retailer of outdoor equipment was looking for some help with its Web site maintenance so as to be more user-friendly and convenient. The owner attended the 2002 Web-EX Trade Show and asked several of her colleagues for recommendations. She is in the __________ phase of business buying.
a. problem recognition
b. general need description
c. product specification
d. supplier search
e. order-routine specification

Chapter 7 – Identifying Market Segments and Targets

1. Traditionally, mass marketing of a consumer product results in __________.
a. the largest potential market for that product
b. increased product prices due to the lack of differentiation and decreased competition
c. easier channel selections
d. fewer competitors because there are fewer markets
e. lower profit margins

2. Bentley produces fine automobiles with price tags in the $300,000 and above range. Because the number of people with sufficient income to purchase a Bentley is relatively small, we might say Bentley is engaged in __________ marketing.
a. local
b. aggregated
c. individual
d. niche
e. derived

3. A southern chain of barbecue restaurants would find it advantageous to prepare a sweet pork sandwich with coleslaw inside for Mississippians, a mustard-based sauce with pork and coleslaw on the side for Carolinians, and a smoky beef sandwich with thick white bread instead of a bun for Texans. If the chain engages in __________ marketing, it will improve the likelihood of its success.
a. local
b. niche
c. individual
d. homogeneous
e. demographic

4. If a food company segments a market on the basis of life stage information, its basis for segmentation is __________.
a. behavioral
b. needs-based
c. demographic
d. geographic
e. psychographic

5. Which of the following statements best describes the difference between age and life-cycle segmentation and generational segmentation?
a. Age and life-cycle segmentation is rigid and unchanging over time while generational segmentation changes with each decade.
b. Age and life-cycle segmentation assumes people are influenced by where they are in life, and generational segmentation assumes they are influenced by what they grew up with.
c. Age and life-cycle segmentation is a relatively straightforward segmentation strategy while generational segmentation is much harder to implement.
d. Age and life-cycle segmentation assumes the effect of time, and generational segmentation is based on the effects of economic and social status.
e. There are no differences between age and life-cycle segmentation and generational segmentation.

6. A segmentation study of people who would be interested in subscribing to a music and entertainment magazine discovered three distinct groups of potential subscribers: 1) those who wanted reviews of the latest music releases, 2) those who wanted to know behind
the scenes gossip about the stars, and 3) those who sought to improve their own musicianship. This magazine discovered its market can be segmented using __________ variables.

a. demographic
b. social class
c. lifestyle
d. generation
e. geographic

7. Research by Voicestream Wireless revealed that it serves two different kinds of consumers: chatterboxes who seemed to live on the phone and those that make lots of short calls. Based on this research, it should use a(n) __________ segmentation strategy.

a. age-based
b. usage rate
c. user status
d. loyalty status
e. occupation-based

8. Ninety percent of all sales made by GEICO Insurance Company are initiated by the buyer rather than commissioned agents. Before purchasing insurance, buyers had typically researched and compared GEICO to other providers; they felt that GEICO best satisfied their needs. Given this information, GEICO should develop a strategy around which of the behavioral segmentation strategies?

a. buyer-readiness
b. income
c. education
d. lifestyle
e. attitude

9. A sports car manufacturer considered marketing to a market segment made up of individuals separated from their spouses but not yet divorced. However, investigation of the segment showed that this group of individuals could not be reached by any specific media. In effect, this group was not a(n) ______ market.

a. accessible and substantial
b. measurable, differentiable, and accessible
c. accessible, differentiable, and actionable
d. actionable, differentiable, and substantial
e. substantial and actionable

10. The main two things to consider when selecting a target market are:

a. if the segment has potential and if it fits with the company’s objectives and resources
b. if the segment is easily communicated with and if it is different enough from other segments
c. if it is easy to define the needs of the segment and if economies of scale are possible with the segment
d. if the segment is actionable and if the consumers in it are action-oriented
e. if the firm can provide a flexible market offering to fulfill the segment’s needs and if the segment is large enough to be viable

11. A manufacturer of disposable, patterned, paper placemats that decided it was only going to sell to sit-down restaurants would have adopted a __________ segmentation strategy.

a. selective specialization
b. single-segment concentration
c. full market coverage
d. market specialization
e. product specialization

12. For years, Sears used the slogan, “Sears Has Everything.” Which of the following strategies does this slogan most likely support?

a. differentiated marketing
b. single-segment concentration
c. undifferentiated marketing
d. market specialization
e. product specialization

13. The Gap caters to buyers seeking classic clothing at mid-range prices. It also owns other retailing chains including Banana Republic (catering to more affluent buyers) and Old Navy (which sells value-priced jeans, tee-shirts and khakis). The Gap is practicing __________ marketing.

a. differentiated
b. single-segment concentration
Chapter 8 – Creating Brand Equity

1. A(n) ________ is a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.
   a. logo
   b. brand
   c. trademark
   d. copyright
   e. intellectual property

2. A(n) ________ is the marketer’s vision of what the brand must be and do for consumers.
   a. brand’s equity
   b. brand mission
   c. guarantee
   d. implicit warranty
   e. brand promise

3. Which is the name of the research procedure associated with the question “What images come to mind?”?
   a. preference tests
   b. learning tests
   c. association tests
   d. memory tests
   e. retention tests

4. The indirect approach to measuring brand equity ________.
   a. assesses the actual impact of brand knowledge on consumer response to different aspects of the marketing
   b. is the same as measuring sales outcomes related to marketing communications
   c. is preferred by CEOs
   d. assesses potential sources of brand equity by identifying and tracking consumer brand knowledge structures
   e. all of the above are correct answers

5. The brand audit can be used to set the strategic direction for the brand. Questions that are answered include all of the following EXCEPT:
   a. Are the current sources of brand equity satisfactory?
   b. Do certain brand associations need to be strengthened?
   c. Does the brand lack uniqueness?
   d. What kinds of advertising would highlight the brand?
   e. What brand opportunities exist?

6. Unless there is some environmental change, there is little reason to deviate from ________.
   a. vigorous preservation of brand “status quo”
   b. successful brand positioning
   c. last year’s brand advertising
   d. the practices that produce dwindling brand leadership
   e. all of the above answer the question correctly

7. Which of the following is NOT one of the approaches for improving or “refreshing” a brand’s equity?
   a. expand the breadth of brand awareness
b. expand the depth of brand understanding
c. improve consumer recall of the brand
d. improve the uniqueness of brand associations that make up brand image
e. improve consumer recognition of the brand

8. Using a parent brand to enter a different product category from that currently served by the parent is a __________.
   a. brand extension
   b. sub-brand
   c. category extension
   d. parent brand
   e. line extension

9. An existing brand that “gives birth” to a brand extension is a __________.
   a. family brand
   b. brand line
   c. brand mix
   d. parent brand
   e. branded variant

10. There is a special edition King’s Ranch Ford F150 truck. This is an example of what type of co-branding?
    a. same-company co-branding
    b. multiple-sponsor co-branding
    c. joint-venture co-branding
    d. ingredient co-branding
    e. retail co-branding

11. A __________ is when the parent brand is used on a new product targeting a new market segment within a category currently served by the parent.
    a. joint-venture co-brand
    b. same-company co-brand
    c. category extension
    d. multiple-sponsor co-brand
    e. line extension

12. When Apple introduced its popular iPod Nano model, it dropped its Mini iPod at the same time. The Mini was at the time the most popular mp3 player in the marketplace. This is an example of __________.
    a. corporate insanity
    b. CEO Steve Jobs’ large ego
    c. preemptive cannibalization
    d. a brand shake-out
    e. product maturity

13. Brands can play a number of specific roles within a company’s brand portfolio. For example, a __________ is positioned with respect to competitors’ brand so that more important and profitable brands retain their desired positioning.
    a. cash cow
    b. low-end, entry level brand
    c. high-end, prestige brand
    d. flanker
    e. mid-market brand

14. Brands can play a number of specific roles within a company’s brand portfolio. For example, a __________ may be retained despite dwindling sales because it still appeals to a sufficient number of customers and remains profitable with virtually no marketing support.
    a. low-end, entry level brand
    b. high-end, prestige brand
    c. fighter brand
    d. flanker
    e. cash cow

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Chapter 9 – Crafting the Brand Positioning and Dealing with Competition
1. A good brand positioning helps the firm and consumer by doing all of the following EXCEPT:
   a. helps competitors understand where NOT to compete
   b. helps clarify the brand’s essence
   c. helps consumers understand what the brand will help them achieve
   d. helps consumers maximize the benefits of the brand
   e. helps guide marketing strategy

2. A __________ is a cogent (logical or sound) reason why the target market should buy the product.
   a. market niche service agreement
   b. customer-focused value proposition
   c. price/benefit analysis
   d. marketing campaign
   e. differentiation plan

3. XM Satellite Radio, the brand name, is a perfect example of using which strategy to convey the brand’s category membership?
   a. relying on word of mouth among zealous consumers
   b. comparing to exemplars
   c. relying on the product descriptor
   d. announcing category benefits
   e. explaining the value proposition

4. __________ is(are) the level(s) at which the product’s primary characteristics operate.
   a. Form
   b. Features
   c. Performance quality
   d. Conformance quality
   e. Durability

5. Which of the following is a way of differentiating services?
   a. reliability
   b. installation
   c. design
   d. quality
   e. expertise

6. Which does NOT add to a segment’s unattractiveness, according to Porter’s five forces model?
   a. numerous competitors
   b. growing plant capacity
   c. high exit barriers
   d. the segment is growing
   e. high fixed costs

7. Which of Porter’s five forces depends heavily on industry entrance and exit barriers?
   a. segment rivalry
   b. potential entrants
   c. buyer power
   d. supplier power
   e. threat of substitutes

8. A group of firms following the same strategy in a given target market is known as a __________.
   a. strategic group
   b. target group
   c. macro market group
   d. micro market group
   e. mass market

9. The competitor’s share of the target market is known as __________.
   a. share of mind
   b. share of market
   c. share of heart
10. Which measure is the percentage of consumers saying a particular brand when asked, “Name the company from which you would prefer to buy (such-and-such) product”?
   a. share of mind
   b. share of pocketbook
   c. share of heart
   d. share of market
   e. share of wrap-up

11. A __________ defense involves building superior brand power, making the brand almost impregnable.
   a. flank
   b. counteroffensive
   c. position
   d. contraction
   e. mobile

12. The __________ type of defense in which the leader stretches its domain over new territories that can serve as future centers for defense and offense, using market broadening and market diversification.
   a. flank
   b. mobile
   c. counteroffensive
   d. contraction
   e. preemptive

13. When a company cannot properly defend all of its (business) territory, which of the following is a suggested course of action?
   a. strategically withdraw
   b. execute a contraction defense
   c. give up weaker territories
   d. all of the above
   e. none of the above

14. Which is NOT a market-challenger attack option?
   a. frontal
   b. flank
   c. preemptive
   d. encirclement
   e. bypass

Chapter 10 – Setting Product Strategy and Marketing through the Life Cycle

1. All of the following could be considered products, EXCEPT:
   a. physical goods
   b. distribution channels
   c. events
   d. persons
   e. ideas

2. These goods are usually purchased frequently, immediately and with little effort.
   a. industrial
   b. shopping
   c. specialty
   d. convenience
   e. unsought

3. In 2003, Toyota introduced its Scion brand, with the aim of bringing younger buyers into the “family.” This was a classic example of __________.
   a. line modernization
   b. line featuring
c. line cannibalization
d. line padding
e. line stretching

4. ______ are formal statements of expected product performance by the manufacturer.
a. Open pricing statements
b. Promotional statements
c. Warranties
d. General guarantees
e. Specific guarantees

5. A product idea can be turned into several elaborated versions by asking questions such as: Who will use the product? What primary benefit will it provide? When will people use or consume it? The elaborated versions of the product idea are called _________.
a. product positions
b. brand concepts
c. product concepts
d. brand positions
e. marketing audits

6. Neelim is trying to decide how many people will buy her new scrapbooking software and the accompanying printer accessories only once, how many will buy it more than once, but only infrequently, and how many will become frequent purchasers of her scrapbooking product line. She is engaged in _________.
a. estimating costs and profits
b. marketing strategy development
c. estimating total sales
d. risk analysis
e. sales-wave research

7. EA, a gaming software products company has developed a role-playing game (RPG) incorporating ideas supplied by some of the most famous game writers in the world. The company asked about one hundred people to download the company’s RPG, play it extensively, and give feedback on it. EA is using ________ testing.
a. beta
b. concept
c. market
d. alpha
e. simulated

8. Suppose a marketing research firm that manages a panel of retail stores agrees (for a fee) to study a company’s new candy bar-based granola product. The research firm provides sales results and evaluates the impact of promotion. This is an example of _________.
a. simulated test marketing
b. controlled test marketing
c. test markets
d. conjoint market analysis
e. sales-wave research

9. McDonald’s is preparing (yet another time) to roll out a new version of its McRib product. McDonald’s is currently deciding if its new product should enter the market at the same time it knows a new Arby’s barbeque product is coming out. The firm is devising its _________ for new-product commercialization.
a. geographic strategy
b. introductory market strategy
c. market-penetration plan
d. market pricing plan
e. timing

10. Guadalupe is thinking about buying an iPod Nano music player. The market is constantly changing, so she has read Consumer Reports, talked to several salespeople, and avidly watched for sales. Guadalupe has also checked her bank account to see if she can afford the personal music and video player. She is in the _________ stage of the consumer adoption process.
a. awareness
b. interest
c. adoption
11. Pre-made Rice Krispy treats were a huge success because they were perceived as much easier than making the recipe yourself—which required consumers to melt marshmallows, use large mixing bowls, and stir for just the right amount of time. Pre-packaged Rice Krispy treats had a high level of ________ when compared to the former way of obtaining this tasty dessert.
   a. relative advantage
   b. divisibility
   c. communicability
   d. complexity
   e. comparability

12. Birth control pills didn’t diffuse as quickly in predominately Roman Catholic countries as they did in the United States. This is an example of problems with the new product’s ________.
   a. relative advantage
   b. compatibility
   c. communicability
   d. complexity
   e. divisibility

13. Volkswagen continued to sell its sedan (Beetle) in Brazil and Mexico for nearly 20 years after it withdrew the product from the United States. The company reduced R&D costs for the car to virtually nothing during that time, and did no advertising. In product life cycle terms, VW was ________ with the Beetle.
   a. divesting
   b. harvesting
   c. maintaining
   d. reducing overcapacity
   e. engaging in product improvements

14. When psychological persuasion is NOT as effective as financial persuasion, marketers tend to use which form of sales stimulation technique?
   a. advertising
   b. word of mouth (WOM)
   c. sales promotion
   d. product quality improvement
   e. product style improvement

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**Answer Key**

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