

Exam

Name _____

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

- 1) Although products that remain in the maturity stage of the PLC seem unchanged, the most successful ones actually evolve to meet changing consumer needs. 1) _____

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 2) For some _____, a simple description consisting of a word or picture might be sufficient. 2) _____
- A) concept tests
 - B) marketing strategies
 - C) product developments
 - D) product concepts
 - E) business analyses
- 3) The third part of the marketing strategy statement includes all of the following EXCEPT _____. 3) _____
- A) long-run sales
 - B) profit goals
 - C) marketing mix strategies
 - D) short-run sales
 - E) both A and C

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

- 4) Each product will have a life cycle, although its exact shape and length is not known in advance. Briefly explain each step in the PLC.

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 5) Which of the following is NOT a recommended method for companies to tap into their customers as sources for new-product ideas? 5) _____
- A) putting customer-created products on the market
 - B) turning customers into cocreators
 - C) working alongside customers to get ideas and suggestions
 - D) analyzing customer complaints and questions
 - E) relying heavily on customers to know what types of technical products they need
- 6) In the concept testing stage of new-product development, a product concept in _____ form is presented to groups of target consumers. 6) _____
- A) final
 - B) market-tested
 - C) prototype
 - D) commercial
 - E) physical or symbolic

- 7) Grab and Go Gifts has just brainstormed a large number of ideas for adding new products and services after visiting several buying fairs. The owners will begin the first idea-reducing stage, called _____, to arrive at a realistic number to adopt. 7) _____
- A) idea screening
 - B) idea generation
 - C) business analysis
 - D) concept testing
 - E) concept development

SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

- 8) Explain how the PLC applies differently to a product class than to a product form. 8) _____
- 9) How might a firm benefit from implementing an "intrapreneurial" program? 9) _____

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 10) In which stage of the PLC will promotional expenditures be high in an attempt to respond to increasing competition? 10) _____
- A) growth
 - B) maturity
 - C) product development
 - D) decline
 - E) adoption
- 11) When Heinz introduced Hot and Spicy Ketchup and No Salt to revitalize consumer buying, the company was _____. 11) _____
- A) modifying the distribution
 - B) dropping the product
 - C) modifying the product
 - D) modifying the pricing strategy
 - E) modifying the market
- 12) In which stage of the PLC will promotional expenditures be especially high in an attempt to create consumer awareness? 12) _____
- A) product development
 - B) growth
 - C) maturity
 - D) adoption
 - E) introduction

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

- 13) Describe three public policy issues or regulations that marketers should carefully consider as they make decisions about adding or dropping products.

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 14) What are the two ways that a company can obtain new products? 14) _____
- A) service development and product extension
 - B) market mix modification and research and development
 - C) line extension and brand management
 - D) internal development and brand management
 - E) new-product development and acquisition

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

- 15) GreenTree Lawn and Garden Products is engaged in marketing strategy development. 15) _____
Management should first create a statement outlining the product's planned price, distribution, and marketing budget for the first year.

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

- 16) Explain why so many new products fail and how a company can improve its odds of new product success.

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 17) The search for new-product ideas should be _____ rather than haphazard. 17) _____
- A) systematic
 - B) segmented
 - C) intermittent
 - D) strategically planned
 - E) rare

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

- 18) Distinguish between a product idea, a product concept, and a product image.

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 19) In order to get their new products to market more quickly, many companies are adopting a faster, team-oriented approach called _____. 19) _____
- A) market development
 - B) team-based new-product development
 - C) phased-in new-product development
 - D) sequential product development
 - E) simulated new-product development

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

- 20) Explain concept testing.

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 21) Using the PLC concept to develop marketing strategy can be difficult because strategy is both a _____ and a(n) _____ of the product's life cycle. 21) _____
- A) mirror image; cause
 - B) purpose; effect
 - C) result; mirror image
 - D) cause; result**
 - E) beginning; end
- 22) Many marketers are now using new simulating technologies, such as Frito-Lay's online virtual convenience store, to reduce the cost of _____. 22) _____
- A) product development
 - B) test marketing**
 - C) concept testing
 - D) concept development
 - E) marketing strategy development
- 23) Which stage in the PLC is characterized by rapid market acceptance and increasing sales? 23) _____
- A) introduction
 - B) development
 - C) growth**
 - D) maturity
 - E) decline
- 24) Sales decline in the decline stage of the PLC because of technological advances, increased competition, and _____. 24) _____
- A) inventory costs
 - B) shifts in unemployment
 - C) shifts in consumer tastes and preferences**
 - D) shifts in the economy
 - E) new market pioneers
- 25) The major purpose of test marketing is to provide management with the information needed to make a final decision about _____. 25) _____
- A) which market to compete in
 - B) whether to launch the new product**
 - C) how to compete in the market
 - D) how to develop a market strategy
 - E) how long to compete in the market
- 26) CellTones, a new company selling several lines of cellular phones, has closely modeled its products after successful products that are already in the marketplace. As it prepares to enter the market with its new products and services, which of the following should concern CellTones the most? 26) _____
- A) the Federal Food, Drug, and Cosmetic Act
 - B) patent laws**
 - C) product liability suits
 - D) legal obligations to suppliers and dealers
 - E) limited warranties

- 27) In the _____ stage, the firm faces a trade-off between high market share and high current profit. 27) _____
- A) decline
 - B) maturity
 - C) adoption
 - D) growth
 - E) introduction
- 28) Apple's iPod has been called "one of the greatest consumer electronics hits of all time." More than 120 million iPods have been sold, and the iPod captures more than 70 percent of the music player market. This success has attracted many large, resourceful competitors. The iPod is in the _____ stage of the product life cycle. 28) _____
- A) introduction
 - B) adoption
 - C) product development
 - D) maturity
 - E) decline
- 29) Although test marketing costs can be high, they are often small when compared with _____. 29) _____
- A) the costs of a major mistake
 - B) research and development costs
 - C) the final results
 - D) stockholders' confidence
 - E) management's approval and acceptance
- 30) Because names, labels, and colors may not easily translate from one country to another, international marketers must carefully assess _____. 30) _____
- A) packaging
 - B) product standardization
 - C) market rollout
 - D) the product life cycle
 - E) styles

Refer to the scenario below to answer the following questions.

Most people laughed when Samira Mousa explained her product idea: a solar-powered vacuum cleaner. But the concept was practical and the technology used in the vacuum was the same as that used in many children's toys. After setting up a demonstration booth in a mall, Samira felt more assured than ever that her idea would be a hit. Consumers seemed receptive and offered helpful pieces of advice, such as how much they would pay for the vacuum, what colors they would prefer, and why they would not buy the vacuum.

The vacuum itself was dome-shaped, something like a small saucer, with a filter bag on top and sensory nodes along the edges. After being charged in the sunlight, the vacuum could run for 10 hours, covering a floor area of 600 square feet. As the apparatus lightly bumped into table legs, chairs, and so on, the sensory nodes allowed the vacuum to move around the objects in various directions. This is the same type of technology used in the manufacture of children's race cars and walking dolls.

Samira knew that the solar-powered vacuum would be especially helpful to both elderly consumers, who may have a more difficult time with vacuuming, and on-the-go consumers who lead busy lives. The price would be above average but would likely reduce after Samira recouped some of her costs.

After a 500-unit production run and a substantial financial investment, Samira Mousa set up a multiple-city test market, with a mall in Dubai and in an appliance store in Abu Dhabi. "It's such a novel idea," Samira added. "People will notice it, even if they don't buy it right away."

- 31) Samira's _____ is the practical use of solar power in a vacuum cleaner that is designed to effortlessly sweep the floors of on-the-go and elderly consumers. 31) _____
- A) promotional product
 - B) product idea
 - C) prototype
 - D) product image
 - E) product concept

SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

- 32) Describe the team-based new-product development approach. 32) _____

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 33) Saadia's Exclusives sells currently accepted and popular clothing items in given fields. What does she stock in her store? 33) _____
- A) exclusives B) fads C) styles D) services E) fashions
- 34) Following the decision to "time" the introduction of the new product, a company must decide _____ to launch the new product. 34) _____
- A) how
 - B) where
 - C) why
 - D) to what degree
 - E) all of the above

- 35) All of the following are accurate descriptions of a style product, EXCEPT which one? 35) _____
- A) A style has a cycle showing several periods of renewed interest.
 - B) Once a style is invented, it may last for generations.
 - C) **Styles last only a short time and tend to attract only a limited following.**
 - D) Styles are basic and distinctive modes of expression.
 - E) Style products appear in home, clothing, and art.

SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

- 36) Why might a company choose to develop a planned market rollout? 36) _____
- 37) What elements may help to create a product image? 37) _____

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 38) Firms conduct concept testing for new products with _____. 38) _____
- A) employees
 - B) manufacturers
 - C) **target customers**
 - D) competitors
 - E) suppliers
- 39) Mattel's Barbie is an example of an age-defying product. Barbie, simultaneously timeless and trendy, is in the _____ stage of the PLC. 39) _____
- A) **maturity**
 - B) adoption
 - C) growth
 - D) decline
 - E) introduction
- 40) The second part of the marketing strategy statement outlines the product's planned **price**, **distribution**, and _____ for the first year. 40) _____
- A) advertising
 - B) positioning
 - C) target market
 - D) **marketing budget**
 - E) promotion

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

- 41) What are the two advantages of an innovation management system for developing new products? Provide four ideas for a company to use to establish a successful system.

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 42) Olay will build a new cream especially for women. In the product development stage, Olay's staff will incorporate the functional features and convey the _____. 42) _____
- A) brand image
 - B) advertising
 - C) visual characteristics
 - D) safety features
 - E) intended psychological characteristics
- 43) Which of the following costs is most likely associated with the commercialization stage of new-product development? 43) _____
- A) paying groups of target customers for product feedback
 - B) building or renting a manufacturing facility
 - C) developing a prototype of the product
 - D) determining the product's planned price, distribution, and marketing budget
 - E) identifying target markets
- 44) At Sugar Spell, a large regional chain of candy stores, employees from marketing, design, production, and finance work in a cross-functional group to save time and money in the new-product development process. Sugar Spell uses a(n) _____ approach. 44) _____
- A) team-based new-product development
 - B) customer-centered new-product development
 - C) sequential new-product development
 - D) consumer composite
 - E) innovation management system
- 45) Which of the following is a disadvantage of a team-based approach to new-product development? 45) _____
- A) It takes longer to get the right products to market.
 - B) Organizational confusion and tension can affect the process.
 - C) The development effort is not as effective because of team members' lack of expertise.
 - D) The process does not work with the shorter life cycles of many of today's products.
 - E) Levels of risk can be more easily controlled.

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

- 46) Sequential product development has the advantage of not only being a team-oriented approach, but it is also faster in bringing products to market. 46) _____

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

- 47) Briefly describe the steps in the new-product development process.

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 48) The stages of the typical consumer product life cycle are listed below, except for one stage which is listed at the wrong place in the sequence. Which is it? 48) _____
- A) product development
 - B) introduction
 - C) maturity
 - D) growth
 - E) decline

- 49) Which of the following best represents the options a company has when a product is declining? 49) _____
- A) harvest or drop the product
 - B) maintain or pioneer the product
 - C) maintain, harvest, or drop the product**
 - D) maintain or harvest the product
 - E) pioneer, harvest, or maintain the product
- 50) _____ is NOT a potential reason for a new product to fail. 50) _____
- A) An incorrectly positioned product
 - B) A poorly designed product
 - C) Higher than anticipated costs of product development
 - D) An underestimated market size**
 - E) Ineffective advertising
- 51) The advantages of standardizing an international product include all of the following EXCEPT 51) _____
- _____.
- A) the development of a consistent image
 - B) decreased manufacturing costs
 - C) the adaptation of products to different markets**
 - D) lower product design costs
 - E) lower marketing costs
- 52) During which stage of new-product development will management most likely estimate minimum 52) _____
and maximum sales to assess the range of risk in launching a new product?
- A) marketing strategy development
 - B) product development
 - C) concept testing
 - D) business analysis**
 - E) test marketing
- 53) Product improvements, product modifications, and original products can all be classified as 53) _____
- _____.
- A) new products**
 - B) test products
 - C) product concepts
 - D) product ideas
 - E) pioneer products
- 54) Increasing profits will most likely occur at which stage of the PLC? 54) _____
- A) introduction
 - B) growth**
 - C) maturity
 - D) product development
 - E) decline

- 55) The purpose of idea generation is to create a _____ number of ideas. The purpose of succeeding stages is to _____ that number. 55) _____
- A) small number; reduce
 - B) large number; increase
 - C) large number; reduce
 - D) small number; increase
 - E) limited number; sustain
- 56) The first part of the marketing strategy statement describes the target market; the planned product positioning; and goals for sales, profits, and _____. 56) _____
- A) secondary market
 - B) competition
 - C) market share
 - D) competition's anticipated reaction
 - E) life-cycle duration
- 57) Some products that have entered the decline stage have been cycled back to the growth stage through _____. 57) _____
- A) concept testing
 - B) customer-centered product development
 - C) business analysis
 - D) promotion or repositioning
 - E) innovation management
- 58) Executives, manufacturing employees, and salespeople are all examples of _____. 58) _____
- A) core members of innovation management systems
 - B) external sources for new-product ideas
 - C) research and development team members
 - D) internal sources for new-product ideas
 - E) new-product committee members

SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

- 59) Why might ad expenditures be high for products in the introduction stage of the PLC? 59) _____

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 60) Which of the following statements best explains why idea screening may be the most important step of new product development? 60) _____
- A) It increases the number of ideas generated.
 - B) Some ideas that will become market disasters may be originally viewed favorably by the idea screeners.
 - C) It saves the company money in product development costs by giving the green light to only the product ideas that are likely to be profitable.
 - D) It gives research and development team members an opportunity to gather consumer feedback.
 - E) Some potentially profitable ideas may be ill perceived by the idea screeners.

- 61) Governments may prevent companies from adding new products through _____ if the effect threatens to lessen competition. 61) _____
- A) price wars
 - B) negotiation
 - C) bad mouthing
 - D) merging
 - E) acquisitions

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

- 62) A firm can obtain new products in two ways: acquisition or new-product development. 62) _____

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 63) All of the following are stages in the PLC EXCEPT _____. 63) _____
- A) decline
 - B) adoption
 - C) introduction
 - D) maturity
 - E) growth

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

- 64) A children's party planner finds that the tastes and preferences of its customers change more rapidly than in the past. The manager should constantly look for external ideas from customers, suppliers, and the competition. 64) _____

SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

- 65) Marketers can prolong the lives of many products in the maturity or decline stages of the PLC, sometimes even moving these products back into the growth stage. How can this happen? 65) _____

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 66) Proctor & Gamble has sold off a number of lesser or declining brands such as Oxydol detergent and Jif peanut butter. In these examples, management decided to _____ the products. 66) _____
- A) ignore the test market results of
 - B) maintain
 - C) further test
 - D) harvest
 - E) drop
- 67) Which stage of the new-product development process focuses on finding new ways to solve customer problems and create more customer-satisfying experiences? 67) _____
- A) new-product development
 - B) team-based new-product development
 - C) customer-centered new-product development
 - D) concept testing
 - E) sequential product development

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

- 68) Sales for the time-tried household cleansers made by Brite and New, Inc., have been declining for some time. If these products are typical, sales are declining because of technological advances, shifts in consumer tastes, and lack of raw materials from foreign suppliers. 68) _____
- 69) Concept testing works best with people who are familiar with the new idea and the new product's purpose. This generally includes top management, the sales force, and research and development. 69) _____
- 70) Profits rise during the growth stage of the PLC because promotion costs are spread over a large volume and unit manufacturing costs fall. 70) _____
- 71) A product idea is an idea for a possible product a company can offer the market, while a product concept is a detailed version of the idea stated in meaningful consumer terms. 71) _____

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 72) Music Now, a chain of music and CD stores, has discovered that carrying a weak product during the decline stage of the PLC can be very costly to a firm, and not just in profit terms. Which one of these is NOT likely to be one of those costs? 72) _____
A) few concerns about company image and other products
B) requires advertising and sales force attention
C) takes up much of management's time
D) frequent price and inventory adjustment
E) all of the above
- 73) Which of the following is perhaps the most important external source of new-product ideas? 73) _____
A) competitors
B) customers
C) engineers
D) trade magazines, shows, and seminars
E) distributors and suppliers
- 74) When Coca Cola introduced Dasani water into the market, they needed to make the new launch strategy consistent with the intended _____. 74) _____
A) promotion campaign
B) product positioning
C) company image
D) use
E) target market

SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

- 75) What may be learned in a test market? 75) _____

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

- 76) The government may prevent a company from adding products through acquisitions if acquisition threatens to lessen competition. 76) _____

- 77) GreenTree Lawn and Garden Products is engaged in a review of the sales, costs, and profit projections for some new products to find out whether they satisfy the company's objectives. This activity is called business product development. 77) _____
- 78) Companies rarely solicit ideas from customers during the idea generation stage of product development. 78) _____
- 79) Up to 90 percent of all new consumer products fail. 79) _____
- 80) A company launching a new product into the market must first decide on when to launch the product. 80) _____

SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

- 81) You have recently sent a proposal for a fictional novel to an editor at a major publishing firm. The editor, alone, will carry out the idea screening. Why might you feel this process is unfair? 81) _____

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 82) Your company decides to use internal sources for developing new product ideas. Which of the following would NOT be consulted? 82) _____
- A) executives and professionals
 - B) company records and data
 - C) **suppliers**
 - D) salespeople
 - E) 'intrapreneurial' programs
- 83) The creation of a successful new product depends on a company's understanding of its _____ and its ability to deliver _____ to customers. 83) _____
- A) product, marketing mix, and marketing strategy; functional features
 - B) customers, brands and products; product images
 - C) product life cycle, legal responsibilities, and social responsibilities; innovations
 - D) competitors, distributors, and employees; new styles
 - E) **customers, competitors, and markets; superior value**
- 84) Atlas Steel Corporation lacks the confidence, capital, and capacity to launch its new steel product into full national or international distribution. Even though test market results look promising, what should be management's next step? 84) _____
- A) retest the product in additional markets
 - B) **develop a planned market rollout over time**
 - C) seek the help of a nationally known consultant
 - D) develop a prototype
 - E) secure a loan to provide confidence, capital, and capacity
- 85) When a product enters the maturity stage, the company should consider _____. 85) _____
- A) dropping the product
 - B) **modifying the product, market, or marketing mix**
 - C) maintaining the product
 - D) harvesting the product
 - E) divesting the product

- 86) The team-based new-product development approach uses cross-functional teams that overlap the steps in the process, in order to _____. 86) _____
- A) save time and reduce errors
 - B) save time and increase effectiveness**
 - C) increase effectiveness and employee satisfaction
 - D) speed product to market and reduce costs
 - E) B and D

- 87) Because of _____, a company cannot make its product illegally similar to a competitor's already established product. 87) _____
- A) anti-monopoly laws
 - B) patent laws**
 - C) product liability
 - D) product warranties
 - E) the Consumer Product Safety Act

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

- 88) The international growth of many professional and business services such as accounting, consulting, and advertising led to the globalization of the client companies they serve. 88) _____

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 89) The PLC concept can be applied by marketers as a useful framework for describing how _____. 89) _____
- A) to forecast product performance
 - B) concept testing is conducted
 - C) product ideas are developed
 - D) products and markets work**
 - E) to develop marketing strategies

- 90) Introducing a new product into the market is called _____. 90) _____
- A) experimenting
 - B) commercialization**
 - C) test marketing
 - D) new product development
 - E) marketing development

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

- 91) Bashra Housewares wants to add new lines of products to its 46-store chain. Managers are correct in believing that the purpose of idea generation is to create a few ideas, and the purpose of succeeding stages is to increase that number. 91) _____

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 92) Xen Communications is concerned about test marketing its new device. Which of the following is NOT a disadvantage of test marketing that would likely concern Xen Communications? 92) _____
- A) Test marketing allows time for competitors to spy and gain advantages.
 - B) People who are surveyed tend to tell less than the truth.**
 - C) It can take a lot of time to test market.
 - D) Test marketing costs can be high.
 - E) Test marketing does not guarantee success.

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

- 93) When sales of a product falter during the PLC, a company can take several approaches. The more common ones are to modify the marketing mix, modify the product, or modify the market. 93) _____
- 94) The business analysis stage represents the first large jump in financial investment in the new-product development process. 94) _____

SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

- 95) Why might ad expenditures remain high in the growth stage of the PLC? 95) _____

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 96) Which of the following is NOT a challenge presented by the product life cycle that a firm must face? 96) _____
- A) It is difficult to plot the stages as a product goes through them.
 - B) A firm must be good at adapting its marketing strategies.
 - C) A firm must be good at developing new products to replace aging ones.
 - D) All products eventually decline.
 - E) Changing tastes, technologies, and competition affect the marketing of the product as it passes through lifecycle stages.
- 97) Which stage in the PLC normally lasts longer and poses strong challenges to the marketing managers? 97) _____
- A) growth B) phase-in C) adoption D) maturity E) decline

Refer to the scenario below to answer the following questions.

Most people laughed when Samira Mousa explained her product idea: a solar-powered vacuum cleaner. But the concept was practical and the technology used in the vacuum was the same as that used in many children's toys. After setting up a demonstration booth in a mall, Samira felt more assured than ever that her idea would be a hit. Consumers seemed receptive and offered helpful pieces of advice, such as how much they would pay for the vacuum, what colors they would prefer, and why they would not buy the vacuum.

The vacuum itself was dome-shaped, something like a small saucer, with a filter bag on top and sensory nodes along the edges. After being charged in the sunlight, the vacuum could run for 10 hours, covering a floor area of 600 square feet. As the apparatus lightly bumped into table legs, chairs, and so on, the sensory nodes allowed the vacuum to move around the objects in various directions. This is the same type of technology used in the manufacture of children's race cars and walking dolls.

Samira knew that the solar-powered vacuum would be especially helpful to both elderly consumers, who may have a more difficult time with vacuuming, and on-the-go consumers who lead busy lives. The price would be above average but would likely reduce after Samira recouped some of her costs.

After a 500-unit production run and a substantial financial investment, Samira Mousa set up a multiple-city test market, with a mall in Dubai and in an appliance store in Abu Dhabi. "It's such a novel idea," Samira added. "People will notice it, even if they don't buy it right away."

98) When Samira set up a demonstration booth to learn about consumers' feelings toward her vacuum cleaner, she was doing _____ 98) _____

- A) idea screening
- B) marketing strategy development
- C) test marketing
- D) product development
- E) concept testing

99) When Kraft focused on cost-cutting with its older and established brands, leaving them to wither without much investment or modification, Kraft had decided to _____ the older products. 99) _____

- A) drop
- B) maintain
- C) extend
- D) review
- E) harvest

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

100) New product development begins with a systematic search for new product ideas through idea generation. 100) _____

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

101) Which of the following is most likely to be included in an executive's write up of a new-product idea to be presented to a new-product committee? 101) _____

- A) the planned market rollout
- B) the proposed customer value proposition
- C) the business analysis
- D) the product image
- E) the marketing strategy

- 102) After concept testing, a firm would engage in _____, in developing and marketing a new product. 102) _____
- A) test marketing
 - B) marketing strategy development**
 - C) business analysis
 - D) product development
 - E) idea screening

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

- 103) The stage at which new product and marketing programs are introduced into realistic market settings is called concept testing. 103) _____

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 104) A _____ is the way consumers perceive an actual or potential product. 104) _____
- A) test market
 - B) product concept
 - C) product image**
 - D) concept test
 - E) product idea

- 105) Under what circumstances might it be wise for a company to do little or no test marketing? 105) _____
- A) when management is not sure of the marketing program
 - B) when the product has no substitutes and is new in its category
 - C) when management is not sure of the product
 - D) when a new product requires a major investment
 - E) when the costs of developing and introducing the product are low**

- 106) Your firm added three new products earlier this year to increase variety for customers. Two of them failed to reach even minimal sales. Which of the following is LEAST likely to have been the cause of their failure? 106) _____
- A) The product launch was ill-timed.
 - B) Competitors fought back harder than expected.
 - C) The product was over-researched.**
 - D) The products were advertised incorrectly.
 - E) The products were priced too high.

- 107) The team-based new-product development approach is faster because departments work closely together through _____. 107) _____
- A) departmentalization
 - B) the help of a consultant
 - C) team efforts
 - D) a step-by-step process
 - E) cross-functional teams**

SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

- 108) How might competitors be a good external idea source? 108) _____

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 109) Most products in the marketplace are in the _____ stage of the product life cycle. 109) _____
A) introduction
B) maturity
C) growth
D) development
E) decline
- 110) Skippy Peanut Butter has a new peanut butter and jelly product and finds a small number of representative test cities. They plan to use the results to forecast national sales and profits. Skippy is using _____ test markets. 110) _____
A) standard
B) random
C) single-city
D) simulated
E) controlled
- 111) Superior Luggage Company has undertaken the task of identifying its products in the decline stage of the PLC. Which of the following should NOT be done in the identification process? 111) _____
A) regularly reviewing management's pet projects
B) regularly reviewing market share
C) regularly reviewing sales
D) regularly reviewing costs and profit trends
E) all of the above
- 112) Flurbies, a winter accessory which fell in and out of favorability with customers quickly, are an example of a _____. 112) _____
A) style
B) fashion
C) market strategy
D) fad
E) product idea
- 113) A detailed version of a new idea stated in meaningful customer terms is called a product _____. 113) _____
A) idea
B) proposal
C) movement
D) concept
E) image
- 114) Your firm asks you to consult external sources for new product ideas. All of the following are common external sources EXCEPT _____. 114) _____
A) customers
B) trade shows and magazines
C) suppliers
D) competitors
E) the firm's executives

- 115) Femina Fashion, Inc., has just created a new combination of colors and fabric types. The firm wants to be sure of the way consumers perceive its new product. The firm is concerned with the product _____ 115) _____
- A) concept
 - B) idea
 - C) image
 - D) presentation
 - E) proposal

- 116) Baby Junior DayCare plans to offer third-shift childcare, based upon the opening of two new manufacturing plants in the area. Together the plants will hire 423 employees and run all three shifts. Initial test marketing results look promising. In considering launching this new service, Baby Junior must first decide on _____. 116) _____
- A) food costs
 - B) timing
 - C) expansion costs
 - D) hiring suitable employees
 - E) checking local and state regulations

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

- 117) Define commercialization. Explain the two important issues on which the company must decide during this stage.

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

- 118) JumBo Games is launching a new set of game toys in the commercialization stage. The first decision to make is introduction timing and the second is where to launch the new product. 118) _____

SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

- 119) A marketer has selected a single city in which to conduct a test market. What might we conclude from this choice of a single-city test market? 119) _____

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 120) Which of the following is necessary for successful new-product development? 120) _____
- A) a customer-centered, team-based, systematic approach
 - B) a market pioneer mindset and a holistic approach
 - C) a holistic and sequential product development approach
 - D) an innovation management system and sequential product development
 - E) a team-based, innovation-management approach
- 121) _____ is a new-product development approach in which one company department works to complete its stage of the process before passing the new product along to the next department and stage. 121) _____
- A) Simultaneous product development
 - B) Team-based product development
 - C) Micromarketing
 - D) Product life-cycle analysis
 - E) Sequential product development

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

- 122) Provide the major sources of external new product ideas and explain why these sources offer advantages over internal sources.

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 123) _____ calls for testing new-product concepts with groups of target consumers. 123) _____
- A) Test marketing
 - B) Concept development
 - C) Concept testing
 - D) Idea generation
 - E) Idea screening

SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

- 124) A marketer has chosen a multiple-city test market. What might we conclude from this choice of a multiple-city test market? 124) _____

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 125) Once managers of The Mode have decided on their product concept and marketing strategy, they can evaluate the business attractiveness of the proposal in the _____ stage of the new-product development process. 125) _____
- A) business analysis
 - B) business feasibility
 - C) concept testing
 - D) feasibility study
 - E) product acceptance

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

- 126) Companies need to pay attention to their aging products. Management should regularly review sales, market shares, costs, and profit trends, and then decide whether to maintain, harvest, or drop these declining products. 126) _____

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 127) Which of the following would lead to greater competition in the maturity stage of the PLC? 127) _____
- A) diminishing budgets
 - B) inadequate promotion
 - C) market pioneers
 - D) poor management
 - E) overcapacity

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

- 128) To avoid too few new product ideas and the failure of many good ideas, management should install an innovation management system that collects, reviews, evaluates, and manages new-product ideas. 128) _____

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 129) A review of the sales, costs, and profit projections for a new product to find out whether they satisfy the company's objectives is called a _____.
- 129) _____
- A) business analysis
 - B) business feasibility plan
 - C) proposal
 - D) product acceptance
 - E) marketing strategy development

Refer to the scenario below to answer the following questions.

Most people laughed when Samira Mousa explained her product idea: a solar-powered vacuum cleaner. But the concept was practical and the technology used in the vacuum was the same as that used in many children's toys. After setting up a demonstration booth in a mall, Samira felt more assured than ever that her idea would be a hit. Consumers seemed receptive and offered helpful pieces of advice, such as how much they would pay for the vacuum, what colors they would prefer, and why they would not buy the vacuum.

The vacuum itself was dome-shaped, something like a small saucer, with a filter bag on top and sensory nodes along the edges. After being charged in the sunlight, the vacuum could run for 10 hours, covering a floor area of 600 square feet. As the apparatus lightly bumped into table legs, chairs, and so on, the sensory nodes allowed the vacuum to move around the objects in various directions. This is the same type of technology used in the manufacture of children's race cars and walking dolls.

Samira knew that the solar-powered vacuum would be especially helpful to both elderly consumers, who may have a more difficult time with vacuuming, and on-the-go consumers who lead busy lives. The price would be above average but would likely reduce after Samira recouped some of her costs.

After a 500-unit production run and a substantial financial investment, Samira Mousa set up a multiple-city test market, with a mall in Dubai and in an appliance store in Abu Dhabi. "It's such a novel idea," Samira added. "People will notice it, even if they don't buy it right away."

- 130) Samira's vacuum is at the _____ stage of the product life cycle.
- 130) _____
- A) incubation
 - B) adoption
 - C) introduction
 - D) growth
 - E) product development

SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

- 131) The potential market strengths and weaknesses are being determined for a new-product idea at Art for Kids. In what stage of the new-product development process does this occur?
- 131) _____

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 132) Which of the following is a product concept? 132) _____
- A) a thin, lightweight laptop with extended battery life appealing to students and young professionals who want access to their computer anywhere, anytime
 - B) a pocket-size digital music player
 - C) an energy-efficient humidifier
 - D) a battery-powered all-electric car
 - E) a high-tech, stylish running shoe with built-in sensors to record the distance the wearer has walked or run

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

- 133) PLC can be applied to more than just brands. You have been asked to prepare a presentation about the application of the PLC to as many of your company's operations as possible. What would you include?

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 134) Manufacturers must comply with specific laws regarding _____. 134) _____
- A) product life cycles
 - B) product quality and safety
 - C) product placement
 - D) distribution channels
 - E) price structures

- 135) _____ is the period in the product life cycle when sales fall off and profits drop. 135) _____
- A) Development
 - B) Maturity
 - C) Decline
 - D) Introduction
 - E) Growth

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

- 136) Using the PLC concept to develop marketing strategy can be problematic because strategy is both a cause and a result of the product's life cycle. 136) _____

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 137) New product development starts with _____. 137) _____
- A) idea generation
 - B) concept testing
 - C) test marketing
 - D) idea screening
 - E) concept development

- 138) A company getting ready to launch a new product must make several decisions. The company must first decide on _____. 138) _____
- A) whether to launch the product in a single location
 - B) whether to launch the product in a region
 - C) whether to launch the product into full national distribution
 - D) when to develop a planned market rollout
 - E) when to time the new product introduction
- 139) An attractive idea must be developed into a _____. 139) _____
- A) product idea
 - B) product strategy
 - C) product concept
 - D) test market
 - E) product image
- 140) A manufacturer with a product in the decline stage of the product life cycle might decide to _____ if it has reason to hope that competitors will leave the industry. 140) _____
- A) delay planning
 - B) search for replacements
 - C) harvest the product
 - D) drop the product
 - E) maintain the product without change
- 141) In the _____ stage of new-product development, products undergo rigorous tests to make sure that they perform safely and effectively or that consumers will find value in them. 141) _____
- A) concept development and testing
 - B) marketing mix
 - C) product development
 - D) business analysis
 - E) idea generation
- 142) Melody Records is conducting a business analysis to determine which of the many new songs available to management should be released. Sales must be estimated before costs can be estimated. Which of the following is recommend for forecasting sales? 142) _____
- A) applying the PLC concept
 - B) considering the sales history of similar products and conducting surveys of market opinions
 - C) conducting surveys of competitors
 - D) considering the history of market opinions
 - E) none of the above
- 143) Over the past 100 years or so, Binney and Smith's Crayola crayons have become a household staple in more than 80 countries around the world. Crayola crayons are in the _____ stage of the PLC. 143) _____
- A) introduction
 - B) growth
 - C) maturity
 - D) incubation
 - E) decline

- 144) The innovation management system approach yields two favorable outcomes: it helps create an innovation-oriented company culture, and it _____. 144) _____
- A) clearly assigns responsibility for the process
 - B) guarantees successful products
 - C) frees up senior management time
 - D) yields a larger number of new-product ideas
 - E) requires less budget support

SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

- 145) Why might individual departments prefer sequential product development? 145) _____

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 146) Which of the following is the most likely reason that employees at your firm regularly attend trade shows and seminars? 146) _____
- A) to analyze the product life cycle
 - B) to implement a team-based new-product development approach
 - C) to test market new products
 - D) to get new-product ideas
 - E) to test new-product concepts
- 147) Once the prototype of Nike's new golf clubs, made especially for women, passes the product tests, the next step is _____. 147) _____
- A) business analysis
 - B) test marketing
 - C) focus group surveys
 - D) post-testing
 - E) commercialization
- 148) Once the product or service passes the business analysis test, what stage does it move into? 148) _____
- A) strategy development
 - B) product proposal
 - C) product development
 - D) concept development
 - E) market testing

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

- 149) When a company decides to maintain a product in the decline stage, it will reduce costs and hope that sales hold up to increase the profits in the short run. 149) _____

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 150) Which of the following CANNOT be described using the PLC concept? 150) _____
- A) product class
 - B) product form
 - C) product image
 - D) styles
 - E) brand

Answer Key

Testname: UNTITLED5

- 1) TRUE
- 2) A
- 3) D
- 4) Product development begins when the company finds and develops a new product idea. Sales are zero and the company's investment costs mount. Introduction is a period of slow sales growth as the product is introduced in the market. Profits are nonexistent in this stage because of the heavy expenses of product introduction. Growth is a period of rapid market acceptance and increasing profits. Maturity is a period of slowdown in sales growth because the product has achieved acceptance by most potential buyers. Profits level off or decline because of increased marketing outlays to defend the product against competition. Decline is the period when sales fall off and profits drop. A company may seek to reinvigorate a product in decline; alternatively, the company may maintain it hoping competition will diminish, or harvest it, or drop it.
- 5) E
- 6) E
- 7) A
- 8) Product classes have longer life cycles, while product forms tend to have the standard PLC shape.
- 9) Such programs encourage employees to be innovative and to develop new-product ideas.
- 10) A
- 11) C
- 12) E
- 13)
 1. Governments may prevent companies from adding products through acquisitions if the effect threatens to lessen competition. Companies dropping products must be aware that they have legal obligations, written or implied, to their suppliers, dealers, and customers who have a stake in the dropped product.
 2. Companies must also obey patent laws when developing new products. A company cannot make its product illegally similar to another company's established product.
 3. Manufacturers must comply with specific laws regarding product quality and safety. Different countries around the world have different laws to protect consumers from unsafe and adulterated food, drugs, and cosmetics. Various acts provide for the inspection of sanitary conditions in the meat- and poultry-processing industries. Safety legislation has been passed to regulate fabrics, chemical substances, automobiles, toys, and drugs and poisons. Numerous countries ban or seize potentially harmful products and set severe penalties for violation of their laws. If consumers have been injured by a product that has a defective design, they can sue manufacturers or dealers.
- 14) E
- 15) FALSE
- 16) Although an idea may be good, the market size may have been overestimated. Other possible reasons for failure include the following: the actual product was not designed as well as it should have been; the product may have been incorrectly positioned in the market, priced too high, or advertised poorly; a high-level executive might have pushed a favorite idea despite poor marketing research findings; the costs of product development were higher than expected; or competitors fought back harder than expected. One way to improve the odds is to identify successful new products and find out what they have in common. Another is to study new product features to see what lessons can be learned. A company must understand its customers, markets, and competitors and deliver superior value to customers.
- 17) A
- 18) A product idea is an idea for a product that a company can imagine itself offering to the market. A product concept takes the idea several steps further, with a detailed version of the idea stated in meaningful consumer terms. Finally, a product image is the way consumers perceive an actual or potential product.
- 19) B
- 20) Concept testing calls for testing new product concepts with groups of target consumers. The concepts may be presented physically or symbolically. A more concrete and physical presentation, however, will increase the reliability of the concept test. After being exposed to the concept, consumers are asked questions about it; their answers reveal to the marketer whether the concept needs to be altered in any way.

Answer Key

Testname: UNTITLED5

- 21) D
- 22) B
- 23) C
- 24) C
- 25) B
- 26) B
- 27) D
- 28) D
- 29) A
- 30) A
- 31) E
- 32) Company departments work closely together in cross-functional teams, overlapping the steps in the product-development process to save time and increase effectiveness. Instead of passing the new product from department to department, the company assembles a team of people from various departments that stay with the new product from start to finish.
- 33) E
- 34) B
- 35) C
- 36) A company without the confidence, capacity, or capital to introduce its product in several regions or the full national market may find it less risky and more manageable to enter attractive cities or regions one at a time, using success in regional markets to build up to a larger market rollout.
- 37) Any number of product attributes, as well as packaging and intended use, create product image; the promotional campaign also affects product image.
- 38) C
- 39) A
- 40) D
- 41) The first advantage of an innovation management system is that it helps create an innovation-oriented company culture. It shows that top management supports, encourages, and rewards innovation. The second advantage is that it will yield a larger number of ideas, among which will be found some especially good ones. As the system matures, ideas will flow more freely. To establish a successful system a company can do the following: (1) Appoint a respected senior person to be the company's idea manager; (2) create a cross-functional innovation management committee with people from each department; (3) set up a website for anyone who wants to become involved in finding and developing new products; (4) encourage all company stakeholders to send their ideas to the idea manager; and (5) set up formal recognition programs to reward those who contribute the best new ideas.
- 42) E
- 43) B
- 44) A
- 45) B
- 46) FALSE
- 47) New-product development starts with idea generation from internal and/or external sources. Next, the ideas must be reduced through idea screening. Once the new ideas are decided upon, the product concept must be developed and tested. A marketing strategy must be developed to introduce the product to the market. Once the product concept and marketing strategy are chosen, a business analysis is conducted to review the sales, costs, and profit projections to see if they will satisfy the company's objectives. A prototype will next be created in the product development stage. Test marketing will follow, introducing the new product and its marketing program into more realistic market settings. The last step is to launch or not launch the new product. If the company decides to launch the product, it will go ahead with the commercialization stage and later test its sales and profit results.
- 48) C
- 49) C
- 50) D

Answer Key

Testname: UNTITLED5

- 51) C
- 52) D
- 53) A
- 54) B
- 55) C
- 56) C
- 57) D
- 58) D
- 59) Consumers have very little awareness about such products; promotional spending can enhance customer awareness.
- 60) C
- 61) E
- 62) TRUE
- 63) B
- 64) TRUE
- 65) Marketers can change any element of the marketing mix, change the number of uses or the number of users, or even change the frequency of product use.
- 66) E
- 67) C
- 68) FALSE
- 69) FALSE
- 70) TRUE
- 71) TRUE
- 72) A
- 73) B
- 74) B
- 75) Test marketing lets a company assess customer response to its product and the effectiveness of its positioning strategy, advertising, distribution, pricing, branding, and packaging.
- 76) TRUE
- 77) FALSE
- 78) FALSE
- 79) TRUE
- 80) TRUE
- 81) The success of your proposal, or at least the likelihood that your novel will be published, is at the mercy of that one individual. A screening committee might give the proposal a more accurate and fair assessment.
- 82) C
- 83) E
- 84) B
- 85) B
- 86) B
- 87) B
- 88) FALSE
- 89) D
- 90) B
- 91) FALSE
- 92) B
- 93) TRUE
- 94) FALSE
- 95) Though sales are increasing for such products, competition becomes fierce as competitors attempt to enter the market; therefore, ad dollars remain high in an effort to offset competitive threats.
- 96) A

Answer Key

Testname: UNTITLED5

- 97) D
- 98) E
- 99) E
- 100) TRUE
- 101) B
- 102) B
- 103) FALSE
- 104) C
- 105) E
- 106) C
- 107) E
- 108) Marketers can pay particular attention to competitors' ads to get clues about their new products. In addition, salespeople in the field can learn about competitors' plans if prospects purposefully, or even inadvertently, reveal them.
- 109) B
- 110) A
- 111) A
- 112) D
- 113) D
- 114) E
- 115) C
- 116) B
- 117) Introducing a new product into the market is called commercialization. The company launching a new product must first decide on introduction timing. Next, the company must decide where to launch the new product – in a single location, a region, the national market, or the international market. Confidence, capital, and capacity are required to launch new products on a large-scale basis. Hence, firms plan a market rollout over time.
- 118) TRUE
- 119) The marketer may feel assured that consumers in that city are typical of the overall market.
- 120) A
- 121) E
- 122) The major sources of new product ideas from external sources include customers, suppliers/distributors, competitors, and research firms. These sources are close to the market and tend to reflect current tastes and preferences. Firms can better match their product offerings to customer needs and wants. Consumers may also create new products and services on their own.
- 123) C
- 124) The marketer likely understands that the product being tested will be perceived differently in different geographic regions.
- 125) A
- 126) TRUE
- 127) E
- 128) TRUE
- 129) A
- 130) E
- 131) It occurs in the business analysis stage of the new product development process.
- 132) A
- 133) The PLC can be applied to new products and services. It can also be applied to a product class, a product form, or a brand. The PLC concept lends itself to styles, fashions, and fads. The concept can be used as a useful framework for describing how products and markets work, as well as developing a marketing strategy for each stage of the product life cycle. Managers may have difficulties using the PLC concept to forecast product performance or develop general marketing strategies.

Answer Key

Testname: UNTITLED5

134) B

135) C

136) TRUE

137) A

138) E

139) C

140) E

141) C

142) B

143) C

144) D

145) This process allows individual departments to work individually with a new idea, completing its stage of development before passing the product on; other departments are less likely to interfere.

146) D

147) B

148) C

149) FALSE

150) C