

AMERICAN UNIVERSITY OF BEIRUT
School of Business

The Marketing Function (MKTG 210) – Final Exam- Fall 2001-2002

Section: _____

Name: _____

ID: _____

Time: 2 Hours



NO QUESTIONS ARE ALLOWED

50 Multiple Choice (1.5 points each)

1. Which of the following statements about Place is NOT true?
 - A) A series of participants in the flow of goods and services from producer to final customer is called a channel of distribution.
 - B) There is always one Place arrangement that is "best" for a product.
 - C) Middlemen develop to adjust discrepancies in quantity and assortment.
 - D) Most consumer products move from producer to middlemen to final customer.
 - E) All of the above are true.

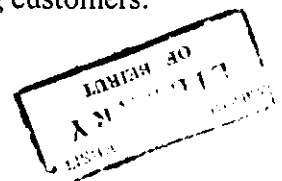
2. Branding can help BRANDERS because it:
 - A) can improve the company's image.
 - B) encourages repeat buying.
 - C) may develop customer loyalty.
 - D) may lower promotion costs.
 - E) All of the above.

3. Good marketing managers know that:
 - A) noise in the communication process improves promotion effectiveness.
 - B) the trustworthiness of the source does not affect how receivers evaluate a message.
 - C) different audiences may see the same message in different ways.
 - D) a major advantage of personal selling is that noise can be eliminated.
 - E) All of the above are true.

4. _____ is concerned with whether the research data measures what it is intended to.
 - A) Regularity
 - B) Dependability
 - C) Randomness
 - D) Validity
 - E) Confidence

5. Personal selling is MOST LIKELY to dominate a producer's promotion blend when the target customers are:
 - A) teenagers
 - B) senior citizens
 - C) working wives
 - D) organizational and business buyers
 - E) young married couples

6. Which of the following is a common cause of new product failures?
- A) The company tries to follow an organized new-product development process--rather than using a faster and more spontaneous, "race-to-market" approach.
 - B) The managers worry too much about the competition.
 - C) The company delays putting the product on the market until it has developed a complete marketing plan.
 - D) The product fails to offer the customer a unique benefit.
 - E) all of the above.
7. While shopping in a local supermarket, Mime Abbott came upon an aisle display of cookies and had to have some--immediately. By the time she got to the checkout counter with the rest of her selections, all the cookies were gone. In this case, the cookies were:
- A) an unsought product.
 - B) very nutritious.
 - C) an impulse product.
 - D) a staple product.
 - E) a consumption product.
8. A car company sent three automobile magazines some technical information and explanations about the features of its innovative new model. One of the magazines later printed a story about the car. This is an example of:
- A) advertising.
 - B) publicity.
 - C) sales promotion.
 - D) personal selling.
 - E) None of the above.
9. The idea that people will pay extra for "quality" and status is the idea behind
- A) penetration skimming.
 - B) price lining.
 - C) psychological pricing.
 - D) prestige pricing.
 - E) average cost approaches to pricing.
10. Ms. Connor-Jennings has agreed to participate in marketing research in which she will provide information about her purchases on an ongoing basis. She is probably part of a:
- A) statistical package.
 - B) contributor group.
 - C) consumer panel.
 - D) confidence interval.
 - E) focus group.
11. Regarding Internet advertising:
- A) Internet banner ads encourage viewers to visit the advertiser's web site for more information.
 - B) Some web sites are better than others for reaching target customers.
 - C) Both context advertising and pointcasting are approaches for targeting customers.
 - D) At some web sites, ads are free if they don't get results.
 - E) All of the above.



12. What basic promotion objective should be emphasized by a producer introducing a really new product which satisfies customer needs better than any existing product?
- A) Maximizing
 - B) Persuading
 - C) Informing
 - D) Communicating
 - E) Reminding

13. A publisher of photography books finds that it is cost-effective to print 10,000 or more at a time. But a bookstore orders only a few copies of each book since its customers want to select from a wide variety. This example shows
- A) neither discrepancies of assortment or quantity.
 - B) dual distribution.
 - C) why discrepancies of quantity occur.
 - D) why discrepancies of assortment occur.
 - E) why both discrepancies of quantity and assortment occur.

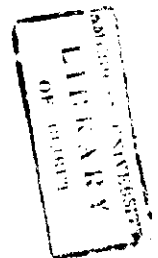
14. Retailing on the Internet:
- A) is limited to only a few mass-merchandisers.
 - B) makes shopping very convenient for some consumers.
 - C) is not expected to grow very fast.
 - D) makes it hard for consumers to compare products or prices.
 - E) all of the above.

15. A "product" might include:
- A) instructions.
 - B) a service which does not include a physical good at all.
 - C) some physical item and its related features.
 - D) a brand name, a package, and a warranty.
 - E) All of the above.

16. A good marketing manager knows that:
- A) the speed of fashion cycles decreases the cost of marketing.
 - B) modern communication does not affect the speed of fashion change.
 - C) how a fashion gets started is well understood by marketers.
 - D) the faster fashions change, the harder marketing strategy planning is.
 - E) a higher standard of living discourages fashion buying.

17. Which of the following is the LEAST appropriate advertising objective?
- A) "We want our TV ads to really promote the product."
 - B) "We want the ad campaign to increase our market share by 3 percent."
 - C) "We want distribution in 30 percent of the desirable retail outlets."
 - D) "We want our ads to increase traffic in our retail outlets by 10%."
 - E) None of the above, i.e., all are equally appropriate.

18. A large U.S. firm produces potato chips, shortening, dishwashing detergent, laundry detergent, shampoo, disposable diapers, and facial tissues. These are the firm's
- A) marketing mix.
 - B) product assortment.
 - C) individual products.
 - D) product classes.
 - E) product line.

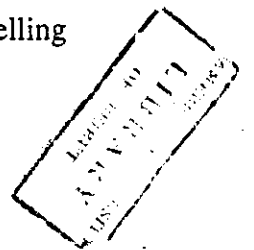


19. Which of the following is NOT an example of sales promotion?
- A) Point-of-purchase displays at the checkout counters of a retail store.
 - B) Price-off coupons distributed to consumers' homes.
 - C) A trade show for wholesalers.
 - D) A contest to motivate a company's own sales force.
 - E) All of the above ARE examples.
20. Which of the following is NOT an advantage of telephone surveys?
- A) They usually can be conducted quite quickly.
 - B) They are especially good for getting confidential and personal information.
 - C) Response rates are high.
 - D) They are effective for getting answers to simple questions.
 - E) All of the above are advantage of telephone surveys.
21. Harry Cronkite wants to buy an electric drill for some jobs around his home. Deciding that all such drills are similar, he reads all the advertisements in his Sunday paper in search of the best price. For Harry, these drills are:
- A) an emergency product.
 - B) a staple product.
 - C) a heterogeneous shopping product.
 - D) a homogeneous shopping product.
 - E) a specialty product.
22. Connie Seagroves is shopping for a new pair of jeans. She has had good experiences with Chic jeans in the past and is looking for Chic now. She probably will buy Chic if she finds some that are at least as good-looking as competitive jeans. This is a good example of:
- A) brand recognition.
 - B) brand rejection.
 - C) brand remembrance.
 - D) brand preference.
 - E) brand insistence.
23. Regarding the new-product development process:
- A) a gradual "roll-out" of the product--region by region--allows for more market testing.
 - B) concept tests are done before any physical models are produced.
 - C) likely ROI should be estimated throughout the process to force the new idea to prove itself.
 - D) market tests may not be practical for fashion products.
 - E) All of the above are true.
24. Which of the following best illustrates communication "noise"?
- A) A motorist doesn't hear a radio ad because she is being stopped by a police officer for speeding.
 - B) A political candidate rides through town in a car with a loud speaker--asking pedestrians to vote for her.
 - C) Magazine sales reps telephone consumers to offer low-price subscriptions.
 - D) Receiving 20 mails of the same ad.

25. A computer manufacturer runs training programs for its "cooperating" retailers' salespeople, as well as providing newspaper advertising layouts, point-of-purchase materials, and sales manuals. This is an example of:
- A) a traditional channel system
 - B) a vertically integrated corporate channel system.
 - C) a franchising system.
 - D) an administered channel system. ✓
 - E) a contractual channel system.
26. A drug company has developed a new diet pill that helps people lose weight easily. Research shows a high level of consumer immediate satisfaction. However, their effect on long-term consumer welfare is low because they permanently increase the consumer's blood pressure. In this (hypothetical) situation, the product should be thought of as a
- ~~high~~ ^{high} ^{low}
 cons high low
 low
- ✓A) pleasing product.
 - B) salutary product.
 - C) deficient product.
 - D) desirable product.
 - E) There is not enough information to tell.
27. Which of the following statements about secondary data is correct?
- ✓A) Secondary data may be available much faster than primary data.
 - B) Results of "old" surveys are not secondary data.
 - C) Secondary data is usually more expensive to obtain than primary data.
 - D) Secondary data is obtained only from sources outside of the firm.
 - E) All of the above are true.
28. Mount Airy Apple Co. buys fresh apples in truckload quantities, regroups the heterogeneous commodities into homogeneous lots according to grade and quality, and then sells them to retailers. This "regrouping activity" is called:
- A) bulk-breaking.
 - B) wholesaling.
 - C) accumulating.
 - ✓D) sorting.
 - E) assorting.
29. When selecting advertising media, a good advertising manager knows that:
- ✓A) TV typically reaches more targeted markets than radio.
 - B) big national magazines, like TIME, may have wide circulation, but are not practical for reaching regional markets.
 - C) direct-response ads are not a good alternative unless you already have your own mailing list.
 - D) Magazines can't be used for reaching specific business or trade audiences.
 - E) objective measures--like "cost per thousand"--can be misleading. 7
30. International Hardware Co. buys carload quantities of bolts, screws, nuts, washers, and other hardware from a large producer in Germany, breaks these shipments into smaller quantities, and sells them to other wholesalers and retail chains. This "regrouping activity" is called:
- A) wholesaling.
 - B) accumulating.
 - C) sorting.
 - D) assorting.
 - ✓E) bulk-breaking.

31. Which of the following is an effective source of ideas at the idea generation stage of the new-product development process?
- A) lead-users of the product.
 - B) competitors' products.
 - C) products found in overseas markets.
 - D) customer complaints.
 - E) all of the above.
32. A direct-to-customer channel
- A) eliminates some of the marketing functions.
 - B) is typical to reach final consumer markets.
 - C) includes a retailer but not a wholesaler.
 - D) is most suitable when a large number of transactions are required in the channel or when orders are smaller.
 - E) usually helps the producer to be more aware of changes in final customer attitudes.
33. Which of the following is a function that a middleman is likely to provide for customers?
- A) regroup products
 - B) provide delivery
 - C) grant credit
 - D) reduce inventory costs
 - E) All of the above are functions provided for customers.
34. Which of the following would NOT be favorable for successful branding?
- A) Product should be hard to identify by brand or trademark.
 - B) The product should offer the best value for the price.
 - C) Economies of scale in production and distribution.
 - D) Widespread availability in the market.
 - E) Product quality should be easy to maintain.
35. A carefully designed package may:
- A) provide more "promotion" effect--and at a lower cost--than advertising.
 - B) create a "new" product.
 - C) help middlemen by using a universal product code on the label.
 - D) raise total distribution cost.
 - E) All of the above are true.
36. When Nintendo sets a relatively low price on its game units to stimulate more demand for its game cartridges, it is using
- A) price lining.
 - B) bait pricing.
 - C) complementary product pricing.
 - D) product-bundle pricing.
 - E) cost plus pricing.
37. "Promotion" is concerned with:
- A) communicating information between seller and buyer to influence attitudes and behavior.
 - B) informing customers that the right Product is available at the right Place at the right Price.
 - C) blending personal selling, mass selling, and sales promotion.
 - D) how suitable messages are communicated to target customers.
 - E) All of the above.

45. Franchise operations provide a good example of:
- A) contractual vertical marketing systems.
 - B) administered channels in which the retailers are the channel captains.
 - C) direct-to-buyer channels.
 - D) vertical integration.
 - E) None of the above.
46. If a producer has a technically superior and expensive product--which has achieved brand preference--and wants retailers to provide aggressive promotion and maximum customer service, this producer should seek:
- A) Intensive distribution.
 - B) Exclusive distribution.
 - C) Dual distribution.
 - D) Selective distribution.
 - E) Administered distribution.
47. A complete marketing information system should:
- A) allows marketing managers to get needed information while they are actually making decisions.
 - B) provide answers to specific questions.
 - C) continually gather data from internal and external sources, and from market research studies.
 - D) provide a good overall view on many types of problems.
 - E) All of the above are true.
48. Most firms in the business world set their prices using:
- A) federal price guidelines.
 - B) marginal analysis.
 - C) supply and demand analysis.
 - D) demand-oriented price setting.
 - E) cost-oriented price setting.
49. A firm's "break-even point" is that point where:
- A) maximum profit is earned.
 - B) total variable cost just equals total revenue.
 - C) the target return on investment is earned.
 - D) total cost just equals total revenue.
 - E) Both C and D are true.
50. In recent years, changes in the social and cultural environment have had a significant effect on door-to-door selling. Which of the following is MOST likely given the changes that have occurred:
- A) Sarah Coventry Jewelry has started distributing its products through jewelry stores because of the difficulties of finding someone at home during the day.
 - B) Avon Cosmetics has found that it needs a larger door-to-door sales force because dual career families have more income and more demand.
 - C) Fuller Brush has seen a dramatic increase in profits from its door-to-door selling operations.
 - D) None of the above is likely.



Short Answer Questions (TOTAL 25 POINTS)

1. Explain PUSH Promotion mix strategies for reaching the market using examples (5points)

Pushing (through a channel) means using normal promotion
effort, personal selling, advertising and sales promotion
For example a soft drink bottler might offer a convenience
store a free case of drinks with each two cases it buys
outside that offer incentives to high volume middlemen

- Explain PULL Promotion mix strategies for reaching the market using examples (5points)

Pulling means getting customers to ask middlemen
for the product
Electronics

2. Name what type of research (observation, survey, experimental) would be appropriate in the following situations and explain why (5 points)

- The owner of GS stores wants to investigate the phenomenon that sales for men's suits are especially high on Saturdays and at the end of a month

- Kellogg wants to investigate the impact of young children on their parents' decisions to buy breakfast food.

- AUB bookstore wants to get some insights into how students feel about the store's merchandise, prices, and service.

- McDonald's is considering where to locate a new outlet in a fast growing suburb.

- Gillette wants to determine whether a new line of deodorant for children would be profitable.

3. Taking the four stages found in the Product Life Cycle, briefly discuss the competitive situation, and the different marketing strategies that might be used in product, price, place, and promotion to guide the product through. (10 points)

	Introduction	Growth	Maturity	Decline
Competitive Situation	Monopoly or Monopolistic competition	Monopolistic competition or oligopoly	Monopolistic competition or oligopoly - moving towards pure	-D
Product	one or few	Variety - try to find best product Build brand fam. clarity	All same - Battle of brands	Some drop out
Place	Build channels Maybe selective distribution	} Move toward intensive distribution	-D	-D
Price	Skimming or penetration	Meet competition or price dealing & price cutting	-D	-D
Promotion	Build primary demand Financing information	Build selective demand Informing / Persuading - Presenting new/different	-D	-D

