**Introduction to Marketing**

**Home Work 3**

**Chapters 7, 8 and 9**

***Following are:***

* 33 multiple choice questions drawn from Chapters 7, 8 and 9, each worth 3 points. Select the answer you think correct.

***Chapter 7: Introducing and managing the product***

1) Which of the following is a significant challenge presented by the product life cycle?

A) new-product development

B) static tastes and zero competition

C) anti-trust laws

D) measurement of results

E) plotting the stages as a product goes through them

2) Acquisition refers to \_\_\_\_\_\_\_\_.

A) the buying of a whole company, a patent, or a license to produce someone else's product

B) an agreement between two or more commercial companies to produce a common product

C) a partnership between two companies to produce a product in different countries by sharing risks

D) investments made in a country's businesses by foreign citizens, often in the form of stocks

E) the development of original products, product improvements, product modifications, and new brands through the firm's own product development strategies

3) Electron Corp. purchased Proton Corp. by buying all of its assets and ownership equity. This is an example of a(n) \_\_\_\_\_\_\_\_.

A) new-product development

B) acquisition

C) joint venture

D) greenfield investment

E) divestment

4) Product improvements, product modifications, and original products can all be classified as \_\_\_\_\_\_\_\_.

A) blueprints

B) new products

C) prototypes

D) product extensions

E) test products

5) Which of the following is a common reason for new product failure?

A) incorrect estimation of the market size

B) low product development costs

C) ineffective social marketing campaigns

D) low selling prices of products

E) patent ownership exclusively held by the company

6) A particular firm added three new products earlier this year to increase variety for customers. Two of the products failed to reach the minimal sales quota. Which of the following is LEAST likely to have been the cause of their failure?

A) The products were priced too high.

B) The products were advertised incorrectly.

C) Competitors fought back harder than expected.

D) Product research was too extensive.

E) The product development costs were high.

7) New-product development starts with \_\_\_\_\_\_\_\_.

A) idea generation

B) idea screening

C) concept development

D) concept testing

E) test marketing

8) John's fascination for his grandmother's sherbet recipes inspired him to come up with a recipe for SherBetter, a gourmet sherbet for the American market. Which of the following stages of the new-product development process does this exemplify?

A) idea screening

B) idea generation

C) concept testing

D) product development

E) product manufacturing

9) Which of the following is an internal source for new-product ideas?

A) competitors

B) company executives

C) marketing research firms

D) trade magazines

E) government agencies

10) Many companies have developed \_\_\_\_\_\_\_\_ programs that encourage employees to develop new-product ideas.

A) management

B) inshoring

C) entrepreneurial

D) intrapreneurial

E) offshoring

11) Why are customers often considered the most important sources of new-product ideas?

A) Customers are close to the market and can pass along information about problems and new-product possibilities.

B) The company can analyze customer questions and complaints to find new products that better solve consumer problems.

C) Customers buy competing new products, take them apart to see how they work, analyze sales, and then decide to purchase.

D) Customers review the sales, costs, and profit projections for a new product to find out whether the product satisfies the company's objectives.

E) Customers estimate the minimum and maximum sales to assess the range of risk.

***Chapter 8: Communicating to mass markets***

1) A company's total marketing communications mix consists of a special blend of advertising, sales promotion, public relations, personal selling, and direct-marketing tools that the company uses to communicate customer value and build customer relationships. Which of the following terms best describes this communications mix?

A) the product mix

B) product line filling

C) the promotion mix

D) the price mix

E) horizontal diversification

2) Which of the following is one of the five major promotion tools?

A) market penetration

B) strategic positioning

C) product line filling

D) market diversification

E) direct marketing

3) Any paid form of nonpersonal presentation and promotion of ideas, goods, or services by an identified sponsor is called \_\_\_\_\_\_\_\_.

A) sales promotion

B) advertising

C) direct marketing

D) personal selling

E) public relations

4) The use of short-term incentives to encourage the purchase or sale of a product or service is called \_\_\_\_\_\_\_\_.

A) direct marketing

B) sales promotion

C) personal selling

D) public relations

E) publicity

5) Which of the following promotion tools involves building up a good corporate image and handling unfavorable stories and events?

A) sales promotion

B) personal selling

C) direct marketing

D) public relations

E) advertising

6) Which of the following promotion categories is most likely to include the use of displays, discounts, coupons, and demonstrations?

A) sales promotion

B) direct marketing

C) horizontal diversification

D) public relations

E) advertising

7) \_\_\_\_\_\_\_\_ includes sales presentations, trade shows, and incentive programs.

A) Direct marketing

B) Sales promotion

C) Personal selling

D) Public relations

E) Advertising

8) Extel Inc., a home appliance manufacturer, uses sales representatives to sell its products to wholesalers and individual customers. This is an example of \_\_\_\_\_\_\_\_.

A) sales promotion

B) personal selling

C) public relations

D) direct marketing

E) advertising

9) Which major promotion category makes use of catalogs, telephone marketing, kiosks, and the Internet?

A) sales promotion

B) direct marketing

C) horizontal diversification

D) public relations

E) advertising

10) Which of the following promotion categories is most likely to use the promotion tools of press releases, sponsorships, events, and Web pages?

A) sales promotion

B) direct marketing

C) advertising

D) public relations

E) horizontal diversification

11) Today's consumers do not need to rely on marketer-supplied information about products and services because they can use \_\_\_\_\_\_\_\_ to seek out a wealth of information.

A) push strategies

B) direct marketing

C) the Internet

D) personal selling

E) public relations

***Chapter 9: Pricing the Product***

1) \_\_\_\_\_\_\_\_ refers to the amount of money charged for a product or service.

A) Value

B) Cost

C) Price

D) Wage

E) Salary

2) \_\_\_\_\_\_\_\_ is the only element in the marketing mix that produces revenue.

A) Price

B) Product

C) Place

D) Fixed costs

E) Variable costs

3) Which of the following is true with regard to price?

A) Historically, price has had the least perceptible impact on buyer choice.

B) Price is the least flexible element in the marketing mix.

C) Unike product features and channel commitments, prices cannot be changed quickly.

D) Price is the sum of all the values that customers give up to gain the benefits of having a product.

E) Prices only have an indirect impact on a firm's bottom line.

4) What sets the ceiling for product prices?

A) product manufacturing costs

B) sellers' perceptions of the product's value

C) customer perceptions of the product's value

D) variable costs

E) break-even volume

5) What sets the floor for product prices?

A) consumer perceptions of the product's value

B) product costs

C) competitors' strategies

D) advertising budgets

E) market competition

6) Effective \_\_\_\_\_\_\_\_ pricing involves understanding how much value consumers place on the benefits they receive from the product and setting a price that captures that value.

A) customer-oriented

B) cost-based

C) time-based

D) competition-oriented

E) marketer-oriented

7) \_\_\_\_\_\_\_\_ pricing uses buyers' perceptions of value as the key to pricing.

A) Customer value-based

B) Cost-based

C) Time-based

D) Markup

E) Target return

8) Which of the following is true of value-based pricing?

A) The targeted value and price drive decisions about what costs can be incurred and the resulting product design.

B) Value-based pricing is mostly product driven.

C) Value-based pricing involves setting prices based on the costs of producing, distributing, and selling the product plus a fair rate of return for its effort and risk.

D) The marketer usually designs a product and marketing program and then sets the price.

E) A company using value-based pricing designs what it considers to be a good product, adds up the costs of making the product, and sets a price that covers costs plus a target profit.

9) Which of the following processes does value-based pricing reverse?

A) high-low pricing

B) everyday low pricing

C) cost-based pricing

D) good-value pricing

E) value-added pricing

10) A pharmaceutical company in Utah recently released a new and expensive anti-ulcer drug in the market. The company justifies the high price of the drug by claiming that it is highly effective for treating all kinds of ulcers. The company also claims that the new drug will help bring down the need for invasive surgeries, an additional benefit for patients. Which of the following pricing strategies is the pharmaceutical company most likely using in this instance?

A) target pricing

B) markup pricing

C) cost-based pricing

D) value-based pricing

E) break-even pricing

11) The perceived value of different product offers can be reasonably assessed by \_\_\_\_\_\_\_\_.

A) conducting a SWOT analysis

B) conducting a break-even analysis

C) conducting surveys and experiments

D) collecting data about competitors' offers

E) setting a benchmark for product quality