

Question Paper

Marketing Management-I (MB221): July 2008

- Answer all 100 questions.
- Each question carries one mark.

1. A company which aims at achieving its objectives, making profits and outperforming its competitors in the long run must satisfy a few of its business components. According to “Arthur D Little”, which of the following is **not** a factor which influences the performance of business? [<Answer>](#)
- (a) Stakeholders
 - (b) Resources
 - (c) Culture
 - (d) Processes
 - (e) Organization.
2. Too much focus on the product, selling efforts etc., rather than the utility the product offers leads to marketing myopia. Which of the following is/are the condition(s) in which obsolescence occurs as a result of marketing myopia as described by Theodore Levitt? [<Answer>](#)
- I. If the market for a product expands automatically, companies do not think imaginatively about how to expand the market.
 - II. The belief that by producing in large quantities, per unit output cost can be significantly reduced.
 - III. The belief that there are substitutes for the industry’s major products.
 - IV. Preoccupation with a product that lends itself to carefully controlled scientific experimentation, improvement and manufacturing cost reduction.
- (a) Only (I) above
 - (b) Only (III) above
 - (c) Both (II) and (III) above
 - (d) (I), (II) and (IV) above
 - (e) All (I), (II), (III) and (IV) above.
3. The marketing environment consists of the forces that are internal and external to the marketing function of an organization. The external forces are divided into microenvironment and macro-environment. The micro environment consists of the suppliers, customers and [<Answer>](#)
- (a) Competitors
 - (b) Trade unions
 - (c) Marketing intermediaries
 - (d) Research and development
 - (e) Human resources.
4. The use of automated systems in designing the products has brought a radical change in the manufacturing of products. Electronic items that were unaffordable previously, are now available at cheaper prices. This reflects [<Answer>](#)
- (a) Enforcement of Government policy
 - (b) Impact of improved technology
 - (c) Better advertising
 - (d) Change in socio-cultural environment
 - (e) Change in economic environment.
5. Financial measures are used to analyze the current situation of an organization and ratio analysis is one of the widely used tools for such situation analysis. Broadly, there are five types of financial ratios. Which of the following is **not** one of the liquidity ratios? [<Answer>](#)
- (a) Current ratio
 - (b) Quick ratio
 - (c) Average collection period
 - (d) Long term capitalization
 - (e) Inventory turnover ratio.
6. Consumer buying behavior is affected by various factors that determine the product and brand preferences of consumers. Identify the psychological factors that influence consumer buying behavior. [<Answer>](#)
- (a) Age and lifecycle stage, occupation and financial status
 - (b) Motivation, perception, attitude and learning

- (c) Society, class, status and occupation
 (d) Age, religion, caste and geographic location
 (e) Rules, regulation, functions and Law.
7. Most companies use celebrities in their advertisements to endorse their products. As these celebrities have a strong psychological effect, people tend to purchase the products endorsed by them. Under which reference group can these celebrities be categorized? [<Answer>](#)
- (a) Primary reference group
 (b) Aspiration reference group
 (c) Disclaimant reference group
 (d) Secondary reference group
 (e) Avoidance group.
8. Consumers pass through several stages before actually buying products. If Arvind is planning to purchase an air-conditioner and he has gathered all the information about the features, prices offered by different brands etc., then what is the next stage he has to go through in the buying process? [<Answer>](#)
- (a) Evaluation of the product performance
 (b) Problem recognition
 (c) Information search
 (d) Purchase decision
 (e) Evaluation of alternatives.
9. In a producers market, producers buy the products from suppliers, not for direct sales to the customers but for processing them and converting them into finished goods. For example IBM, the computer manufacturers, buys microprocessors from Intel. Within the producer market IBM can be categorized as an [<Answer>](#)
- (a) Intermediary
 (b) User for Intel
 (c) Original equipment manufacturer for Intel
 (d) Industrial dealer for Intel
 (e) Organizational dealer for Intel.
10. Tata, Birla and AT&T together launched their product “IDEA” in competition with other major players like Airtel, BSNL, Hutch, etc. Though initially the product performed well, but later the sales started to decline. Which of the following research instrument is **most** appropriate to evaluate the “IDEA’s” performance? [<Answer>](#)
- (a) Mechanical instrument
 (b) Psychological tool
 (c) Questionnaire
 (d) Qualitative measures
 (e) Telephonic Interview.
11. Hewlett-Packard’s marketing divisions has developed a concept called “trusted advisor”. The marketers felt HP needed to move beyond selling system to selling itself as an advisor and had to offer customers specific solutions to unique problems. What HP discovered is that some companies want a partner and other simply wants a product that works. HP assumes an advisory role when it sells complex products like a network computer system. HP estimates that the new way of selling has contributed to a 60 percent growth of the high-end customer business. HP is setting the **best** example of [<Answer>](#)
- (a) Tapping the market by providing advisory services
 (b) Diversifying from present business
 (c) Gaining competitive-advantage by using value added services
 (d) Enhancing the revenues from the advisory business
 (e) Giving tough competition to other consultants.
12. A company should evaluate certain criteria prior to the segmentation process. Identify the appropriate factor(s) which a company should consider while segmenting the consumer market? [<Answer>](#)
- I. Whether adopting segmentation strategy will be profitable for the company?
 II. Will the company be able to serve the segmented market economically?
 III. Will the segmentation help in regulating the market?
 IV. Whether adopting segmentation strategy will reduce unethical practices?
- (a) Only (I) above
 (b) Only (IV) above
 (c) Both (I) and (II) above
 (d) Both (II) and (IV) above
 (e) All (I), (II), (III) and (IV) above.

13. South African wines compete for shelf space in European supermarkets, but they are handicapped by the [<Answer>](#) perception that South African wine yards are primitive in comparison to those in Australia and Chile. They are also dogged by South African wine farmers' ugly record of crude labor practices and shady deals. Wine is such a product of origin that wine industry cannot succeed if South Africa market doesn't look good. Which of the following would be the **most** appropriate step to be taken by the wine industry to make South Africa market attractive in developing its business?
- (a) To give the wine farmers stake in the industry
 - (b) To advertise more about their country in the targeted countries
 - (c) To hire farmers from other places to avoid labor litigations
 - (d) To see that no news about the labor problems spread to other parts of the world
 - (e) To develop more tourist places.
14. For effective segmentation, segmentation variables need to exhibit certain characteristics. Which of the following [<Answer>](#) statement(s) is/are **true** about the characteristic "Accessible"?
- I. Each segment of the market should be different from others in terms of its needs and wants.
 - II. When dividing the market into segments, a marketer should take enough care to see that each segment consists of an adequate number of customers worth catering to.
 - III. There is no point producing products for those markets that the marketers are unable to reach profitably.
 - IV. The variable used for the segmentation of the markets should be measurable to be effective.
- (a) Only (I) above
 - (b) Only (III) above
 - (c) Both (I) and (II) above
 - (d) Both (III) and (IV) above
 - (e) All (I), (II), (III) and (IV) above.
15. The company concentrates on more than one segment to minimize its risk. Which of the following targeting [<Answer>](#) strategy can work well for the company, where the company focuses its resources on a few market segments and develops its expertise in fulfilling the needs of those segments?
- (a) Product specialization
 - (b) Market specialization
 - (c) Selective specialization
 - (d) Full market coverage
 - (e) Single segment concentration.
16. Which of the following is an invaluable asset that is built over a long time and companies invest a lot of money [<Answer>](#) and effort in building it?
- (a) Package
 - (b) Label
 - (c) Brand
 - (d) Design
 - (e) Distribution.
17. Competitive advantage is the critical advantage that a firm possesses in the market over a competitor in the [<Answer>](#) industry. Almost all the firms in the market try to achieve a sustainable competitive advantage. Which of the following are the competitive advantages?
- I. Integration advantage.
 - II. Cost advantage.
 - III. Differentiation advantage.
 - IV. Bargaining advantage.
- (a) Both (I) and (II) above
 - (b) Both (II) and (III) above
 - (c) Both (III) and (IV) above
 - (d) (I), (II) and (III) above
 - (e) (II), (III) and (IV) above.
18. Jollibee was established by a Filipino entrepreneur Tony Tan Caktiong. He established Jollibee by starting; two [<Answer>](#) retail ice-cream parlor in the city of Manila. Tony's vision was inspired by the global popularity of companies like McDonalds, Wendy's and Burger King. When it was all set for McDonalds to enter the Filipino market, Jollibee took many strategic steps, like offering exhaustive menu, closely related itself with the native culture in order to maintain its top position in the market. Jollibee also went to backward integration, when there was an Asian crisis, to maintain its competitive position in the market. Jollibee also continued its retail expansion in a

very rapid pace. In the process of expansion it bought many fast food companies, which had their presence in other parts of the world also. Jollibee made its own quality standards to maintain its image in the market. Now, Jollibee wants to extend its retail businesses in US market, where the labor rules were tight and complex. As a part of this, Jollibee searched for the places in which the Filipino population was more, so that there will be a ready market. Which of the following will be the **best** strategy available for the Jollibee to take full advantage of the new market?

- (a) To buy out local retail outlets in the identified places
 - (b) To hire the local people and train them to work in their outlets
 - (c) To enter the market by building a strategic alliance with a local player
 - (d) To customize their menu making it more suitable to the US culture
 - (e) To spend heavily on advertisements to create awareness, before entering the market.
19. The competitors' reaction patterns to a firm's competitive strategies should be observed continuously, because it is necessary to attack the competitors in their vulnerable areas. There are four types of competitors, based on their reaction patterns. Which of the following statements is **true** about the "Selective competitor"?
- (a) In this type of competitor's reaction pattern, company may or may not respond to the strategies of competitor
 - (b) In this type of competitor's reaction pattern, company strongly retaliates to the slightest move of competitors
 - (c) In this type of competitor's reaction pattern, company reacts only to certain types of strategies, perhaps to added product features or line extensions
 - (d) In this type of competitor's reaction pattern, company reacts very slowly to the competition
 - (e) In this type of reaction pattern, company retrieve the product from the market incase of strong competition.
20. Prof. Theodore Levitt differentiated the products based on the value they provide to customers. Which of the following is the second product level conceptualized by Levitt in the product model?
- (a) Expected product
 - (b) Generic product
 - (c) Potential product
 - (d) Augmented product
 - (e) Core product.
21. Consumer markets and industrial markets are segmented on the basis of various factors. Industrial markets are usually segmented on the basis of which of the following factors?
- I. Geographic environment.
 - II. Operating variable.
 - III. Situational factors.
 - IV. Legal environment.
- (a) Both (I) and (II) above
 - (b) Both (II) and (III) above
 - (c) (I), (II) and (IV) above
 - (d) (II), (III) and (IV) above
 - (e) All (I), (II), (III) and (IV) above.
22. Consumer products are products that are used by the consumer for personal, family or household use. Which of the following is **not** classified as consumer products based on the purchasing habits of the consumers?
- (a) Convenience products
 - (b) Specialty products
 - (c) Unsought products
 - (d) Shopping products
 - (e) Consumable supplies.
23. Marketers can set the price, promotion, distribution and quality of the product as either high or low, for the introduction of a new product. Which of the following statement is **true** about "slow skimming" strategy?
- (a) Using this strategy, marketers launch the new product at a higher price and a low promotional level
 - (b) Using this strategy, marketers launch the product at a higher price and higher promotional level
 - (c) Using this strategy, marketers launch the product at a lower price and heavier promotional level
 - (d) Using this strategy, marketers launch the new product at a lower price and a low level of promotion level
 - (e) Using this strategy, the firm tries to build brand preferences.
24. The image that a product produces in the minds of customers in comparison to the competitors' products and also in comparison to other products of the same company is referred as

- (a) Product positioning
 (b) Brand positioning
 (c) Image positioning
 (d) Personnel positioning
 (e) External positioning.
25. Which type of buying behavior is exhibited by consumers, when they indulge in buying expensive, infrequently purchased and unfamiliar products that involves gathering of lot of data on the various brands available in the product category? [<Answer>](#)
- (a) Variety seeking behavior
 (b) Impulse buying behavior
 (c) Routinized buying behavior
 (d) Extensive problem solving buying behavior
 (e) Identical buying behavior.
26. Bajaj Motors has almost half the market-share of the entire motorcycle segment in India and acknowledges as the leader in the industry. However, it is having a tough time to retain its top spot. In fact, it is trying harder than anyone else to retain its position. Which of the following strategies is/are adopted by the market leader to sustain in the market? [<Answer>](#)
- I. Offers the market all the benefits and features and all other facilities provided by its competitor.
 II. Adopts certain strategies to remain in position by expanding the market area with new products or by extending the current products in the new markets.
 III. Defends its current position from competitor's attacks while expanding the market.
- (a) Only (I) above
 (b) Only (III) above
 (c) Both (I) and (II) above
 (d) Both (II) and (III) above
 (e) All (I), (II) and (III) above.
27. In September 2002, leading Indian apparels company, Madura Garments launched a line of readymade women's western wear under the brand name 'Allen Solly Women wear'. The launch was backed by advertisements in the national print and outdoor media. The move attracted attention for two reasons. First, this was the first-ever nationwide exercise by any company to offer readymade western wear for women in India on a large scale. Second, Madura seemed to have taken a risk by trying to extend it's hitherto 'exclusively for men' brand, Allen Solly, to the women's. The segmentation of female western wear from Madura Garments under the brand name of 'Allen Solly Women Wear' is based on [<Answer>](#)
- (a) Changing social habit
 (b) Generations
 (c) Income level
 (d) Usage rate
 (e) Personality.
28. The key to competitive success for a company lies in differentiating the product on the basis of service offered along with the products. Which of the following is/are the service differentiation for the company? [<Answer>](#)
- I. Financial arrangements.
 II. Courteousness.
 III. Competence.
 IV. Maintenance and repair.
- (a) Only (I) above
 (b) Only (II) above
 (c) Both (I) and (IV) above
 (d) Both (II) and (III) above
 (e) All (I), (II), (III) and (IV) above.
29. The growth stage is crucial for the product's survival in the market because the reactions of the competitors to the product's success will affect the product's life expectancy. Which of the following strategies are used by the firm in the growth stage to cash in on the growth in the market? [<Answer>](#)
- I. Restores to aggressive pricing, including price cuts to attract price sensitive customers.
 II. Emphasizes the product's benefits in order to create a competitive niche in the market.
 III. May introduce new distribution channels and enter new markets.
 IV. May cut promotional budgets.

- (a) Both (I) and (III) above
 (b) Both (II) and (IV) above
 (c) Both (III) and (IV) above
 (d) (I), (II) and (III) above
 (e) (II), (III) and (IV) above.
30. Water Side is a restaurant situated on the bank of a lake. The restaurant has excellent view, great menu and a live [<Answer>](#) band to play music to customers. Water Side now faces overfull demand i.e., demand is above supply and the restaurant has no desire or ability to increase supply. Which of the following would be the **best** strategy a marketer can adopt in this case?
- (a) Targeting to profitable customers
 (b) Cut down the offerings on the menu
 (c) Increase menu price and reduce promotion
 (d) Find ways to induce fear in people's mind about visiting the restaurant
 (e) Set up another restaurant.
31. In many companies, employees are given more autonomy and encouraged to take the initiative and [<Answer>](#) multidisciplinary teams and team work are encouraged widely. This is known as
- (a) Benchmarking
 (b) Decentralization
 (c) Outsourcing
 (d) Reengineering
 (e) Customization.
32. The transition towards organic agriculture in high growth regions has not yet begun on any significant scale. One [<Answer>](#) of the reasons for this is latent demand for organic/natural products, i.e., demand pertaining to a strong need not satisfied by any existing product. Some of the drought prone regions, hill areas, represent a tremendous opportunity for generating supply of organic products through appropriate market interventions. Which marketing tasks would be **best** to tap the opportunities for organic products?
- (a) Measure the existing national as well as international demand for organic products and understand and generate consumer demand through market research
 (b) Redesign the products and involve in positive promotion
 (c) Adopt flexible pricing, promotion and incentives on organic products
 (d) Find ways of reducing demand temporarily until the transition to organic agriculture takes place
 (e) Improve quality of these products.
33. Firms generally face a threat from new entrants in an industry in which the entry and exit of new players are free. [<Answer>](#) Any firm can enter or exit such an industry, at its free will, unless restricted by macro environmental factors. With respect to this, which of the following is **not** an entry barrier created by an industry to new entrants?
- (a) Economies of scale
 (b) High capital requirements
 (c) Relative price performance of substitutes
 (d) Proprietary products
 (e) Learning curve.
34. Which of the following represents the **most** important reason for the firms to study demographic environment? [<Answer>](#)
- (a) To explain historical trends
 (b) To predict political change
 (c) To predict the size of market segments
 (d) To predict business cycles
 (e) To understand changes in lifestyle of individuals in a society.
35. Which of the following deals with techniques for determining profitability at the market segment level, product level, distribution level and customer level? [<Answer>](#)
- (a) Contribution analysis
 (b) Financial situational analysis
 (c) Value analysis
 (d) Marginal analysis
 (e) Customer profitability analysis.
36. Organizational markets comprise of producer markets, reseller markets, government markets and institutional [<Answer>](#) markets. Which of the following feature(s) is/are **not true** regarding reseller markets?
- I. Wholesalers and retailers form a part of the resellers market.
 II. Resellers buy products on the basis of psychological or instinctive purchase pattern.

- III. Price is a major factor governing the success of resellers.
 IV. Buyers wield a greater bargaining power in the reseller markets.
- (a) Only (II) above
 (b) Only (IV) above
 (c) Both (I) and (II) above
 (d) Both (II) and (III) above
 (e) (I), (III) and (IV) above.
37. While analyzing her firm's position in the market, Jenna Cook finds that the firm's sports sunglasses unit is in [<Answer>](#) high relative market share and high market growth rate quadrant. Which of the following strategy would the firm need to develop in fast growing markets?
- (a) Invest
 (b) Harvest
 (c) Divest
 (d) Maintain
 (e) Keep status quo.
38. According to the societal marketing concept, who is responsible to maintain and improve the society's well being [<Answer>](#) apart from determining needs, wants and interest of the target market?
- (a) The organization itself
 (b) The individual consumers
 (c) Regulatory bodies like the Federal Trade Commission
 (d) Marketing researchers
 (e) Competitive forces.
39. Which of the following statement(s) is/are **correct** for the recession stage of the business cycle? [<Answer>](#)
- I. Jobs are slashed.
 II. The rate of unemployment is very high.
 III. Customer's buying decision depend more on the price.
 IV. Inflation is low.
- (a) Only (I) above
 (b) Only (IV) above
 (c) Both (I) and (III) above
 (d) (I), (II) and (III) above
 (e) All (I), (II), (III) and (IV) above.
40. Which of the following refers to the amount of sales a firm expects to generate with a chosen marketing plan, in a [<Answer>](#) given marketing environment?
- (a) Company demand
 (b) Sales budget
 (c) Sales forecast
 (d) Test marketing
 (e) Sales quota.
41. Michael Porter has developed the five forces model to determine the intrinsic long-run profit attractiveness of a [<Answer>](#) market or market segment. Which of the following is/are **not** these force(s)?
- I. Threat of new entrants.
 II. Threat of current competition.
 III. Intensity of rivalry among firms.
 IV. Threat of substitute products.
- (a) Only (II) above
 (b) Only (III) above
 (c) Both (I) and (II) above
 (d) Both (II) and (III) above
 (e) All (I), (II), (III) and (IV) above.
42. Which of the following is **not** a condition necessary for an exchange to take place? [<Answer>](#)
- (a) Each party must have something that interests the other
 (b) Each party must be in a position to communicate and deliver the product
 (c) The parties must involve themselves even if they consider each other undesirable or unacceptable to deal
 (d) Each party must be free to accept or reject any offer from the other party

- (d) Each party must be free to accept or reject any offer from the other party
 (e) At least two parties must be involved.
43. Kimberly-Clark closed down a number of small under performing businesses like Midwest Express that limited the opportunities for improving its airline business. This is an example of [<Answer>](#)
- (a) Product line pruning
 (b) Product line extension
 (c) Product line filling
 (d) Product line modernization
 (e) Product line stretching.
44. A firm has to continuously monitor its strategy implementation process. Which of the following is/are the reason(s) for the employees to resist change? [<Answer>](#)
- I. Habituated process of working.
 II. Lack of interest in updating the skills.
 III. Apprehensions about the viability of new technology.
 IV. Employees do not consider changes that bring about non-monetary benefits, worthwhile.
- (a) Only (I) above
 (b) Only (IV) above
 (c) Both (II) and (III) above
 (d) (I), (II) and (III) above
 (e) (II), (III) and (IV) above.
45. Companies have moved from product and selling philosophy to one that is a customer and marketing philosophy. In this respect, which of the following statements is **not true**? [<Answer>](#)
- (a) Obtaining customers is the job of only marketing or sales department
 (b) Customers choose the marketing offering that gives them the most value
 (c) Customer delivered value is the difference between total customer value and total customer cost
 (d) Total customer value can be increased by improving product, services, personnel or image
 (e) Customer value can be increased by reducing the buyer's non-monetary costs.
46. Stakeholders act like the spokes of a wheel of an organization. The stakeholders of a business firm consist of its shareholders, employees, suppliers, customers and [<Answer>](#)
- I. Distributors.
 II. Financial resources.
 III. Competitor.
- (a) Only (I) above
 (b) Only (II) above
 (c) Only (III) above
 (d) Both (I) and (II) above
 (e) All (I), (II) and (III) above.
47. Which of the following describes partnership marketing? [<Answer>](#)
- (a) A sales person sells the product but does not contact the customer again
 (b) A sales person sells the product and encourages the customer to call if he has any complaints
 (c) Sales person calls the customer after a small time period to check whether customer is satisfied with the product
 (d) Sales person contacts the customer from time to time with suggestions about product usage
 (e) Companies work in tandem with their customers to provide better services.
48. For preparing a budget, a sales manager should have a contingency plan to face unforeseen events, along with specific details about different types of expenses that sales teams make. These expenses include [<Answer>](#)
- I. Salaries and commissions.
 II. Travel expenses.
 III. Phone and other technology cost.
 IV. Discount on shopping.
- (a) Both (I) and (II) above
 (b) Both (II) and (III) above
 (c) (I), (II) and (III) above
 (d) (I), (III) and (IV) above
 (e) (II), (III) and (IV) above.

49. The process by which people select, organize and interpret information to form a meaningful picture of the world <Answer> is known as
- Perception
 - Satisfaction
 - Cognitive dissonance
 - Belief and attitude
 - Motivation.
50. Which of the following guideline(s) is/are followed by the companies to differentiate their offerings through <Answer> guarantees?
- The service guarantee associated with the product should be unconditional.
 - The guarantee should be comprehensible and communicative.
 - The guarantee should be meaningful and reassure the customer on those aspects which matter to him.
 - Customers should be able to invoke the guarantee easily and without any hassles.
- Only (I) above
 - Only (IV) above
 - Both (I) and (II) above
 - Both (II) and (III) above
 - All (I), (II), (III) and (IV) above.
51. In a world of cut-throat competition, companies can survive only when they outsmart competition; adapt <Answer> themselves to the changing marketing environment rather than just pushing the sales. The marketers can do this through customer satisfaction. Which of the following is/are the instance(s) that help in achieving customer satisfaction?
- A company delivering superior quality products.
 - A company lowering prices of existing products.
 - A computer manufacturing company conducting a training program for its dealers and their employees who interact with the companies customers.
 - A company aiming to add value at every stage of its value chain.
- Only (I) above
 - Both (I) and (III) above
 - Both (II) and (IV) above
 - (I), (II) and (IV) above
 - (II), (III) and (IV) above.
52. Which of the following is an approach/orientation of the procurement process that involves focusing on <Answer> improving the overall value chain?
- Buying orientation
 - Total Quality Management (TQM)
 - Just-in-time (JIT) approach
 - Supply management orientation
 - Procurement orientation.
53. The scope for differentiating products varies significantly. Even products such as cement, which are standardized <Answer> products, can be differentiated. For example Birla Cement Works differentiate its product by highlighting the fact that red oxide is mixed in cement to protect iron rods from rust. Birla Cement Works differentiate its product on the basis of
- Design
 - Feature
 - Size of package
 - Quality
 - Durability.
54. Cutting timber and milling the trees into standard-size lumber is an example of <Answer>
- Place utility
 - Form utility
 - Time utility
 - Possession utility
 - People utility.
55. Searching beyond the company's own value chain to identify how suppliers and distributors can help improve <Answer> performance is typical of the

- (a) Total quality management approach
 (b) Marketing intelligence systems
 (c) Value delivery systems
 (d) Profit impact of marketing strategies
 (e) Structural ties.
56. Insurance Council complements the role of Insurance Regulatory and Development Authority (IRDA) and is [<Answer>](#) involved in developing code of conduct and development of sound practices in rendering efficient service to customers, informing IRDA about insurers not acting in the interest of policyholders etc. The council is a/an
- (a) Non-government regulatory agency
 (b) State regulatory agency
 (c) Consumer protection agency
 (d) Government regulatory agency
 (e) Indian patents act enabler.
57. Buying decisions generally follow a pattern of overlapping stages. Which of the following **best** describes the [<Answer>](#) typical stages of the buying process?
- (a) Need recognition → Information search → Evaluation → Decision → Post purchase evaluation
 (b) Need recognition → Evaluation → Information search → Decision → Post purchase evaluation
 (c) Information search → Need recognition → Evaluation → Decision → Post purchase evaluation
 (d) Need recognition → Information search → Decision → Evaluation → Post purchase evaluation
 (e) Information search → Need recognition → Decision → Evaluation → Post purchase evaluation.
58. Which of the following purchases would be the **best** example of a new task purchase for a company that provides [<Answer>](#) sales training seminars to consumer product companies?
- (a) The renewal of subscriptions to trade journals that provide information about their target markets' customers
 (b) The hiring of a company to prepare a web site for the company's new on-line instructional service
 (c) The hiring of a temporary employee to act as a receptionist while the regular employee is out on maternity leave
 (d) The purchase of computer paper, pencils and pens, paper clips, file folders, and other office supplies
 (e) The printing of business cards for new sales trainers.
59. Which of the following is the **best** example of an organizational buyer? [<Answer>](#)
- (a) A mother buying milk for her young son
 (b) A computer programmer buying the latest game for his play-station
 (c) A store owner buying hand-painted slate signs to sell in his store
 (d) A botanist buying a rose bush for his home garden
 (e) A baseball player buying a t-ball set for his daughter.
60. A practice unique to organizational sales in which two organizations agree to buy from each other is referred as [<Answer>](#)
- (a) Just- in-time(JIT) method
 (b) Straight rebuy
 (c) Modified rebuy
 (d) Reciprocity arrangement
 (e) Multiple sourcing.
61. Which of the following factors acts as barriers between research and marketing decisions? [<Answer>](#)
- I. Managers are clear about objectives of the organization.
 II. Managers do not clearly define the problem for which the research is to be conducted.
 III. Managers consider marketing research as a threat to their job.
 IV. Managers coordinate their activities with the staff.
- (a) Both (I) and (II) above
 (b) Both (I) and (III) above
 (c) Both (II) and (III) above
 (d) (I), (II) and (III) above
 (e) All (I), (II), (III) and (IV) above.
62. Market targeting involves choosing to serve the needs of one or more segments. With respect to targeting, a firm [<Answer>](#) with limited resources can compete with much larger organizations by
- (a) Concentrating its efforts on a single segment
 (b) Using a multi-segment targeting strategy
 (c) Using a geographical segmentation variable

- (c) Using a geographical segmentation variable
 (d) Adopting market specialization
 (e) Concentrating its efforts on the total population.
63. The efficient and effective marketing plan is essential to achieve organizational objectives. The strategic planning process not only helps an organization gain a clear picture of its future, but it also helps in maintaining good relationships among its various departments, ensuring a smooth flow of essential information among them. Identify the strategies involve in strategic marketing planning? [<Answer>](#)
- I. Legal strategies, Social strategies.
 II. Competitor strategies, Supplier strategies.
 III. Brand strategies, Product strategies.
 IV. Sales Strategies, Sales promotion strategies.
- (a) Both (I) and (II) above
 (b) Both (III) and (IV) above
 (c) (I), (II) and (III) above
 (d) (II), (III) and (IV) above
 (e) All (I), (II), (III) and (IV) above.
64. Which of the following is/are **true** relating to ‘dogs’ on the BCG growth-share matrix that displays the positions of strategic business units? [<Answer>](#)
- I. Business units that have a low market share in an immensely competitive, mature industry characterized by low profits.
 II. These units may generate surplus returns.
 III. These units do not need much of an investment.
- (a) Only (I) above
 (b) Only (III) above
 (c) Both (I) and (II) above
 (d) Both (II) and (III) above
 (e) All (I), (II) and (III) above.
65. Which of the following are the values that arise accidentally in course of time and gradually become a norm? [<Answer>](#)
- (a) Core values
 (b) Desired values
 (c) Values by chance
 (d) Approved values
 (e) Benefit values.
66. The process for satisfying customers and suppliers by aligning the different business models for organizational effectiveness, constant focus on development and innovativeness with dynamic organizational culture is called as [<Answer>](#)
- (a) Total quality management
 (b) Competitive intelligence system
 (c) Total quality force
 (d) Cost leadership strategy
 (e) Generic strategy.
67. A market niche [<Answer>](#)
- (a) Is a broadly selected target market segment
 (b) Involves a business directing its marketing efforts to two or more target market segments
 (c) Is a narrowly selected target market segment
 (d) Involves a business directing its marketing efforts to an international target market
 (e) Focuses only on individual customers.
68. Prakash Kumar is a computer wizard. While he could work almost anywhere as a production engineer, Prakash enjoyed his work at Xenon where he went from department to department helping different specialists create new software for their particular areas. In terms of the generic value chain, Prakash is involved in which activity? [<Answer>](#)
- (a) Firm infrastructure
 (b) Marketing and sales
 (c) Operations
 (d) Technology development
 (e) Procurement.
69. Mona calls her customer after a small period of time of the actual sale, to check whether the product met the customer’s expectations. Which of the following levels of relationship marketing does this represent? [<Answer>](#)

customer's expectations. Which of the following levels of relationship marketing does this represent?

- (a) The basic level
- (b) The reactive level
- (c) The accountable level
- (d) The proactive level
- (e) The partnership level.

70. Which of the following is/are **true** regarding downsizing?

[<Answer>](#)

- I. It is done to enhance the company's financial performance.
- II. Downsizing drastically reduces costs.
- III. Downsizing increases employee motivation.

- (a) Only (I) above
- (b) Only (III) above
- (c) Both (I) and (II) above
- (d) Both (II) and (III) above
- (e) All (I), (II) and (III) above.

71. The period in the business cycle in which the high unemployment rate begins to decline, purchasing power increases and the unwillingness to buy reduces slowly is known as

[<Answer>](#)

- (a) Recovery
- (b) Prosperity
- (c) Depression
- (d) Recession
- (e) Maturity.

72. Which of the following refers to the process wherein an organization depends on several different suppliers for purchase of goods and services?

[<Answer>](#)

- (a) Multiple sourcing
- (b) Logistics
- (c) Supply chain management
- (d) Just-in-time (JIT)
- (e) Outsourcing.

73. Change in which of the following will affect the sales of consumer durable products like appliances, furniture and automobiles?

[<Answer>](#)

- (a) Disposable income
- (b) Taxable income
- (c) Accounting income
- (d) Discretionary income
- (e) Credit.

74. Industries such as pharmaceuticals, personal care, fitness products, gym equipment, real estate, insurance, automobiles, etc., benefit from which of the following target segments?

[<Answer>](#)

- (a) Young adults
- (b) Senior citizens
- (c) Adults
- (d) Singles
- (e) Women.

75. Macro environment affect the company in the long run. Which of the following does **not** reflect the natural environment?

[<Answer>](#)

- I. A shortage of raw materials.
- II. Changing consumer spending patterns.
- III. The increased cost of energy.
- IV. Increased pollution.

- (a) Only (II) above
- (b) Both (I) and (II) above
- (c) (I), (II) and (III) above
- (d) (II), (III) and (IV) above
- (e) All (I), (II), (III) and (IV) above.

76. Tanishq is India's first premium branded jewelry manufacturer and retailer, targets an investment-minded and price sensitive customer base. Thereby, Tanishq caters to a/an [<Answer>](#)
- (a) Clustered market
 - (b) Mass market
 - (c) Niche market
 - (d) Demographic market
 - (e) Individual market.
77. How might consumers who purchased a new innovative type of running shoe try to reduce any cognitive dissonance they might feel? [<Answer>](#)
- (a) Use only an internal information search
 - (b) Have little or no problem solving involvement
 - (c) Read advertisement for running shoes even after the purchase has been made
 - (d) Use routine problem solving
 - (e) If the shoe is comfortable and gives the requisite support, there will be no cognitive dissonance.
78. Within the organizational buying process, who has the formal or informal power to select final suppliers? [<Answer>](#)
- (a) Gatekeepers
 - (b) Approvers
 - (c) Influencers
 - (d) Deciders
 - (e) Initiators.
79. As it places its order for truck tires with Michelin, South Side Industrial Supply realizes that it must also place an order for valve stems and balancing weights for the truck tires. Here industrial products are characterized as having [<Answer>](#)
- (a) Fluctuating demand
 - (b) Inelastic demand
 - (c) Derived demand
 - (d) Joint demand
 - (e) Economically stable demand.
80. Dividing markets by the degree of likelihood of repurchasing a brand is an example of which type of behavioral segmentation? [<Answer>](#)
- (a) Usage rate
 - (b) Loyalty status
 - (c) Benefits sought
 - (d) User status
 - (e) Occasion.
81. A company tries to diversify by serving a new customer base with products that are related to the existing product category. This is known as [<Answer>](#)
- (a) Backward integration
 - (b) Conglomerate diversification
 - (c) Forward integration
 - (d) Horizontal diversification
 - (e) Concentric diversification.
82. Smith's Fine Foods is involved in selecting and analyzing a target market and developing a marketing mix to gain long-term competitive advantage. Based on this example, Smith's is in the process of [<Answer>](#)
- (a) Identifying a suitable positioning
 - (b) Creating differentiation
 - (c) Performing a SWOT analysis
 - (d) Creating a marketing strategy
 - (e) Segmenting the market.
83. Hero Honda competes with all other companies offering similar benefits of transportation which could be companies producing cars, buses, autos, scooters and so on. This is an example of [<Answer>](#)
- (a) Generic competition
 - (b) Form competition
 - (c) Industry competition

- (d) Brand competition
(e) Designer competition.
84. The concept of designing marketing communication programs that coordinate all promotional activities to provide a consistent message across all audience is called as [<Answer>](#)
- (a) Promotional mix
(b) Transactional marketing
(c) Relationship marketing
(d) Marketing mix
(e) Integrated marketing communication.
85. Which of the following is/are **true** regarding channel differentiation? [<Answer>](#)
- I. Companies can achieve a distinct differentiation for their products on the basis of the distribution channels they use.
II. A firm can add value to its product on the basis of the channels that carry its product.
III. Differentiating through the channels of distribution involves making the product available to customers in places where competitors have not entered.
IV. It focuses on the elements of a product that makes it different from the competing brands.
- (a) Only (II) above
(b) Both (I) and (II) above
(c) Both (II) and (IV) above
(d) (I), (II) and (III) above
(e) All (I), (II), (III) and (IV) above.
86. A group of closely related product items that are considered to be a unit because of marketing, technical, or end-use considerations is known as [<Answer>](#)
- (a) Product category
(b) Product dimension
(c) Product depth
(d) Product line
(e) Product mix.
87. In the marketing plan, which of the following is a brief description of the entire report, which contains an introduction and a description of the highlights? [<Answer>](#)
- (a) Executive summary
(b) Marketing strategy
(c) Action program
(d) Contents
(e) Opportunity and issue analysis.
88. A company's decision to go global is a [<Answer>](#)
- (a) Strategic planning decision
(b) Functional decision
(c) Downsizing decision
(d) Administrative decision
(e) Promotional decision.
89. eBay is an internet-based business organization involved in online auction activities with more than 23 million registered users. The company's web site hosts more than two million auctions each month for items in more than 1,000 categories, from jewelry to stamps, and from antiques to electronics. eBay also maintains auction sites in several foreign countries, including Japan, the United Kingdom, and Germany. Which of the following Internet domain is adopted by eBay? [<Answer>](#)
- (a) Business to business
(b) Business to consumer
(c) Consumer to consumer
(d) Consumer to business
(e) Business to government.
90. ICICI bank took the initiative of providing 12-hour banking services i.e. 8-to-8 banking. The bank employed 1500 additional staff to work on a two shifts basis, even though it costs went up by 25 percent. According to head, retail banking ICICI, "100 branches are covered under 8-to-8 concept and the bank is planning to cover all its 430 branches across the nation". What is the **major** reason behind ICICI's initiative? [<Answer>](#)

- (a) Optimum utilization of infrastructure
 (b) Employees demand for flexible banking hour
 (c) As its competitors already adopted this move
 (d) To solve the unemployment problem
 (e) To decrease the use of phone banking and internet banking.
91. A credit card customer applied for an increase in his credit card limit from \$2,500 to \$5,000. However, the banker did not extend this limit because the customer lived in a rented house, had a new address and had rarely used the card in the past. As a result, the enraged customer closed all his account worth \$170,000 in deposits. This happened because [<Answer>](#)
- (a) Bank was not interested in such small enhancement
 (b) Bank failed to recognize the customer profitability
 (c) Bank did not find customer trustworthy
 (d) Bank was involved in serving more high-worth customer
 (e) Bank official was not aware of the proceedings.
92. After analyzing the product line, managers need to take decisions about the length of the product line, its modernization and its pruning. Which of the following are the limitations of product line extension? [<Answer>](#)
- I. Marketers can advertise the superior quality of the line extension products and charge a higher price or premium price for these products.
 II. When marketers increase the number of products (mindlessly) under the same brand umbrella, it often leads to reduction in brand loyalty.
 III. Adding new products to the same product line needs less time and cost as compared to introducing a new product or brand.
 IV. Line extensions rarely increase the demand of the total category.
- (a) Both (I) and (III) above
 (b) Both (II) and (IV) above
 (c) Both (III) and (IV) above
 (d) (I), (II) and (IV) above
 (e) (II), (III) and (IV) above.
93. Sanjay Mehta lives with his divorced mother and his sister Kavita. Sanjay wants to buy a skateboard with the money he has saved. Kavita has discovered that the skateboard Sanjay wants to buy does not have any brakes. His mother is afraid because he will injure himself on a skateboard and has said, "No." Which of the following sentences **best** describes the roles that the individual family members played in making this decision? [<Answer>](#)
- (a) No family member served as decider
 (b) The mother took the role of purchaser, influencer and decision maker
 (c) Kavita acted in the role of influencer and information gatherer
 (d) Sanjay acted in two roles—purchaser and decision maker
 (e) The mother took the role of gatekeeper when she stopped Sanjay from making the purchase.
94. Starbucks started its operation in Seattle in the 1970s as a gourmet coffee retailers selling fresh ground coffee beans to local coffee lovers. When Howard Schultz, Starbucks' CEO until 2000, came to the company in 1982, he recognized an unfilled niche for cafes serving gourmet coffee directly to customers. This move of Starbucks helped the company attain a loyal customer base in Seattle. Starbucks identified opportunities to achieve further growth within current business is referred as [<Answer>](#)
- (a) Market-development strategy
 (b) Market- diversification strategy
 (c) Market-penetration strategy
 (d) Product-development strategy
 (e) Product-diversification strategy.
95. Bob Bushmaster was considering purchasing a new riding lawnmower. After evaluating the alternatives available Bob narrowed down his choice to the Snapper brand. Bob knew that the Snapper brand was a solid product. He also liked the service, and knew the personnel at Snapper were there to help. Bob was convinced that the product was worth its cost. Bob also enjoyed the thought of him on a new Snapper. In the example above, Bob is [<Answer>](#)
- (a) Assessing the total customer value
 (b) Assessing the total customer cost
 (c) Evaluating the total delivered value
 (d) Reviewing the total service value
 (e) Weighing the psychological benefit from the product.

96. Intel is the world's largest manufacturer of microprocessors. Though there are other players, they are very small in size and their credibility in the market is not as high as that of Intel. Therefore, most manufacturers of personal computers are dependent on this single powerful supplier of computer chips. Under which of the following circumstance(s) suppliers like Intel is/are **not** powerful in the industry? [<Answer>](#)
- I. When no single industry is a major customer for the suppliers.
 - II. When the product they sell has few substitutes and is important to the purchasing company or buyer.
 - III. When products in the industry are differentiated to such an extent that they are not easily substitutable and it is costly for a buyer to switch from one, supplier to another.
 - IV. When the buyers can use the threat to provide for their own needs through vertical integration as a device for forcing down prices.
- (a) Only (I) above
 - (b) Only (IV) above
 - (c) Both (I) and (II) above
 - (d) Both (III) and (IV) above
 - (e) All (I), (II), (III) and (IV) above.
97. The product mix is the set of all the products that an organization offers to its customers. It has a certain characteristic features like product width, length, depth and consistency. Which of the following statement(s) is/are **true** about "product width"? [<Answer>](#)
- I. The total number of product lines a company carries.
 - II. The total number of items in the product mix.
 - III. The assortment of sizes, colors and variation offered for each product in the product line.
 - IV. The closeness exhibited by the products.
- (a) Only (I) above
 - (b) Only (III) above
 - (c) Both (I) and (II) above
 - (d) Both (II) and (III) above
 - (e) (I), (II) and (IV) above.
98. Which of the following system is developed through constant interaction with customers, dealers and suppliers, information fed in from trade related articles, journals and various other such publications and also through constant monitoring of the competition and their strategies? [<Answer>](#)
- (a) Marketing decision support system
 - (b) Internal record system
 - (c) Marketing intelligence system
 - (d) Management information system
 - (e) Sales reporting system.
99. Producers of denim jeans compete with one another. Producers try to differentiate their offer from that of the competitor by brand name, color, quality, style, etc., to make their product appear unique to the customers. This is an example of [<Answer>](#)
- (a) Oligopoly
 - (b) Monopoly
 - (c) Monopolistic competition
 - (d) Pure competition
 - (e) Imperfect competition.
100. Consumer markets are mostly segmented based on various variables. Hilton Hotels customize rooms and lobbies according to the location of hotels. Identify the segmentation variable on which the customization is based? [<Answer>](#)
- (a) Psychographic segmentation
 - (b) Demographic segmentation
 - (c) Effective segmentation
 - (d) Geographic segmentation
 - (e) Behavioral segmentation.

END OF QUESTION PAPER

Suggested Answers

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	Answer	Reason	
1.	C	Culture is not one of the factors which influence the performance of business.	< TOP
2.	D	Option (I), (II) and (IV) are the conditions for obsolescence as a result of marketing myopia. Option (III): The belief that there are substitutes for the industry's major products is not a condition for obsolescence as a result of marketing myopia. Hence the answer is (d).	< TOP
3.	C	Option (d) & (e): Research and development and Human resources belong to Internal Environment other. Option (a) and (b) are not applicable.	< TOP
4.	B	As the technology is improving the cost aspect of it is getting lower and is affordable by many. Option (a): Government policy is incorrect as it only can give subsidized rate but can't lower the price.	< TOP
5.	D	Liquidity ratio includes (1) Current ratio (2) Quick ratio (3) Average collection period (4) Inventory turnover ratio. Option (d) is a debt ratio. Hence the answer is (d).	< TOP
6.	B	Psychological factors are motivation, perception, attitude, and learning.	< TOP
7.	D	Secondary groups include religious groups, professional associations and trade unions with which the interaction of customer is formal and infrequent. Every reference group has its own set of opinion leaders. Opinion leaders are perceived as people with special skills, knowledge, personality etc.	< TOP
8.	E	As he is having all the information about the features and prices offered by the brands now he has to select which brand Air-conditioner to purchase.	< TOP
9.	C	Original equipment manufacturers buy industrial products and incorporate them into their final products.	< TOP
10.	C	Questionnaires are formal sets of questions prepared to collect the required information. This is one of the most effective and popular techniques used in surveys. Carefully detailed drawn questionnaire can help the company to get a deeper idea about the performance of the company.	< TOP
11.	C	HP is setting the example of Gaining a competitive-advantage by using value added services. Option (a) Hp is having a good reputation in the market to acquire more HP need not go for advisory services. Option (b) For diversification it having other good option rather than advising. Option (d) Advisory services will not make huge changes in generating revenues. Option (e) Hp don't have any competitor who provide advisory services.	< TOP
12.	C	A company should segment its market only if it is a profitable proposition. The second criterion is - will the company be able to serve the segmented market economically.	< TOP
13.	A	In the given situation, the most appropriate way to make South Africa attractive is to give wine farmers stake in the wine industry. By doing this they can solve the labor disputes, which in turn show a positive side in the quality of the wine. The labor will put much more effort in order to gain more profit. By doing this they can change the beliefs of the European countries about the crude labor practices in South Africa. This move will also have a positive effect on the South African wine industry in the form of exports.	< TOP
14.	B	Accessibility to the segment is very important to reach and cater to it. There is no point producing products for those markets that the marketers are unable to reach profitably.	< TOP

	Answer	Reason	
		Option (I), (II) and (IV) are not relevant to characteristic “Accessible”.	
15.	C	Selective specialization is a process in which the company focuses its resources on a few market segments and develops its expertise in fulfilling the needs of those segments. Thus, by concentrating on more than one segment, the company can minimize its risk.	< TOP
16.	C	A brand is an invaluable asset that is built over a long time. Companies invest a lot of money and effort in building a brand.	< TOP
17.	B	Competitive advantage is the critical advantage that a firm possesses in the market over a competitor in the industry. Almost all the firms in the market try to achieve a sustainable competitive advantage. There are two types of competitive advantages - cost advantage and differentiation advantage.	< TOP
18.	C	The best strategy available to Jollibee is to build a strategic alliance with a local player and then enter the market. This will help them to understand the culture of the new country and also helps to add on the present market of the existing player to the new customers which it has been targeting for. The new partner will look after all the legal and labor litigations. So, the Jollibee management can focus more on its strategies for improving its business rather than develop headache for small things and go into trouble. After habituating itself with the conditions it can break the alliance and work itself. Though the other options are also apt, the most appropriate one is option (c).	< TOP
19.	C	Selective competitor, who reacts only to certain types of strategies, perhaps to added product features or line extensions.	< TOP
20.	A	Expected products stand second in Levitt’s conceptual product model.	< TOP
21.	B	Industrial or organizational markets are usually segmented on the basis of factors such as operating variables, purchasing approaches, situational factors and personal characteristics.	< TOP
22.	E	Consumer products are consists of: convenience products, shopping products, specialty products and unsought products. Option (e) is incorrect since consumable supplies are classified as industrial products. These are the products that are consumed during the production and delivery of the product. But they do not become part of the final product. Hence the answer is (e).	< TOP
23.	A	Slow skimming: This strategy calls for launching the new product at a higher price and a low promotional level. This strategy is feasible when the market is aware of the product, the market size is limited, competition is not intense and the customers are ready to pay a higher price for the product.	< TOP
24.	A	Product positioning is the image that a product produces in the minds of customers in comparison to the competitors' products and also in comparison to other products of the same company.	< TOP
25.	D	Consumers exhibit ‘Extensive problem solving buying behavior’ when they indulge in buying expensive, infrequently purchased and unfamiliar products.	< TOP
26.	D	Option (II) and (III) refers to the strategies adopted by the market leader. Option (I) refers to the strategy adopted by the challenger. Hence the answer is (d).	< TOP
27.	A	Allen Solly, focusing on female western wear, highlights the changing social habits.	< TOP
28.	C	Option (I) and (IV) refers to service differentiation. Option (II) and (III) are personnel differentiation.	< TOP

	Answer	Reason	
		Hence the answer is (c).	
29.	D	Option (I), (II) and (III) are the strategies followed by the firm to cash in on the growth in the market. Option (IV) is the strategy followed at decline stage. Hence the answer is (d).	< TOP
30.	C	When demand is overfull, marketers must adopt a de-marketing strategy to reduce demand temporarily or permanently. Amongst the options, raising prices and reducing promotion would bring down the demand. Option (a) and (b) will not necessarily balance the demand and supply. Option (d) is suitable when the demand is unwholesome i.e., for products such as cigarettes etc. Option (e) is not applicable because as per information in the question, the Water Side has no desire or ability to set up another restaurant.	< TOP
31.	B	In many companies, employees are given more autonomy and encouraged to take the initiative and multidisciplinary teams and teamwork are encouraged widely. This refers to decentralization.	< TOP
32.	A	Consumers may have a strong need that cannot be satisfied by any existing product. This constitutes the latent demand for a product. In order to fulfill the latent demand for a product, marketers can measure the size of the potential market and develop goods and services to satisfy demand. Applying this principle to organic products marketers can measure the existing national as well as international demand for organic produce and understand and generate consumer demand through market research. (b) Redesigning products and positive promotion will help when there is negative demand for a product. (c) Adopting flexible pricing, promotions and incentives will hold well if demand is irregular. (d) Reducing demand will hold good in case the demand is overfull. (e) Improving quality will help when demand is full.	< TOP
33.	C	Firms generally face a threat from new entrants in an industry in which the entry and exit of players are free. Various entry barriers are economies of scale, product differentiation, high capital cost, cost disadvantages, independent of scale, access to distribution channels, government policy, government restrictions, patents and proprietary knowledge, etc. Relative price performance of substitutes is not an entry barrier but a factor of threat of substitutes.	< TOP
34.	C	Demographics is a branch of sociology that deals with the study of the characteristics of human population such as size, growth, density, distribution, gender, and marital status. Firms monitor demographics change to understand how many people will be in a market segment in the future.	< TOP
35.	A	Contribution analysis deals with techniques for determining profitability at the market segment level, product level, distribution level and customer level. It takes into account contribution of each factor such as the contribution per labor hour, machine hour, etc.	< TOP
36.	A	Resellers buy products on the basis of logical approach rather than by following a psychological or instinctive purchase pattern.	< TOP
37.	A	The BCG growth-share matrix displays the position of business units comparing their market growth rate against their market share relative to competitors. It contains four cells – question marks, stars, cash cows and dogs. Stars are the business units, which have a large market share in fast growing markets. The sunglasses unit is therefore a star. As per the BCG matrix, firms need to invest in stars as the industry is still emerging and market share is also growing.	< TOP
38.	A	According to the societal marketing concept, apart from determining needs, wants and interests of the target market and society's well being, it questions the adequateness of company's marketing efforts towards addressing pressing environmental and economic problems.	< TOP
39.	C	In this stage employment are slashed because of the company full expertise in manufacturing the product so that the cost of manufacturing a product is reduced. Customer buying decision depends on the price because they are apprehensive	< TOP

	Answer	Reason	
		about the future economic conditions.	
40.	C	Sales forecast refers to the amount of sales a firm expects to generate with a chosen marketing plan, in a given marketing environment.	< TOP
41.	A	Michael Porter's five forces are the threat of new entrants, the bargaining power of buyers, the bargaining power of suppliers, the intensity of rivalry among existing players and the threat of substitute products. Threat of current competition is not one of the Porter's five forces.	< TOP
42.	C	For an exchange to take place, the parties must involve themselves voluntarily and should consider each other desirable and acceptable to deal with.	< TOP
43.	A	Product line pruning is reducing the depth of a product line by deleting less profitable offerings in a particular product category. (b) Product Line Extension is adding depth to an existing product line by introducing new products in the same product category. Product line extensions give customers greater choice and help to protect the firm from a flanking attack by a competitor. (c) Product line filling is adding more products to the existing range of the product line. (d) Product line modernization is a strategy in which items in a product line are modified to suit modern styling and tastes and re-launched. (e) Product line stretching is introducing new products into a product line.	< TOP
44.	D	Employees generally resist change due to several reasons such as habituated process of working, lack of interest in updating the skills, and apprehensions about the viability of new technology. Employees do not consider changes that bring about non-monetary benefits; worthwhile is not a factor for employees resisting change. Therefore statement (IV) is not true.	< TOP
45.	A	Obtaining customers is the job of all the departments of an organization including marketing or sales department.	< TOP
46.	A	The stakeholders of a business firm consist of its shareholders, employees, suppliers, distributors and customers.	< TOP
47.	E	In partnership marketing companies work in tandem with their customers to provide better services.	< TOP
48.	C	The different expenses a sales manager should include for preparing a budget are salaries commissions, travel expenses, phone and other technology costs.	< TOP
49.	A	Perception is defined as the process by which people select, organize and interpret information to form a meaningful picture of the world. Other options are irrelevant.	< TOP
50.	E	All the statements are true. The service guarantee associated with the product should be unconditional. The guarantee should be comprehensible and communicative. The guarantee should be meaningful and reassure the customer on those aspects, which matter to him. Customers should be able to invoke the guarantee easily and without any hassles.	< TOP
51.	B	Complete customer satisfaction is achieved by	< TOP
		A company delivering superior quality products.	
		A computer manufacturing company conducting a training program for its dealers and their employees who interact with the companies customers.	
		Hence option (b) is the answer.	
52.	D	Organizations employ individuals who have an extensive knowledge about the	< TOP

Answer	Reason	
	supplier markets as their product managers. Such individuals facilitate efficiency in the procurement process by identifying the right suppliers who can offer tailor-made solutions to the organization's requirements.	
53.	B Product features are the characteristics that allow a product to perform certain functions. A firm can differentiate its product from that of the competitor by adding or removing certain features. Therefore, Birla Cement works has added a feature by adding red oxide that prevents from rusting.	< TOP
54.	B Form utility is created when raw material is converted into a finished product. (a) Place utility is provided when a marketer provides the product at locations preferred by the customer. (c) Time utility is provided by offering products when customers want them. (d) Possession utility allows a buyer to use the product as he/she wishes. It is the value that the buyer obtains from the product. (e) No such concept exists.	< TOP
55.	C A firm tries to influence the value chain of its suppliers, distributors, etc., because if the value chain of suppliers and distributors is optimized, its own cost structure will also become optimized.	< TOP
56.	A A number of trade associations form their own regulatory agencies to check their trade practices and avoid government intervention. These trade associations establish ethical codes and expect members to abide by the codes or risk exclusion.	< TOP
57.	A Most models of buyer behavior see a need triggering a search for information, which is then evaluated before a decision is made. Once the product has been purchased, a further evaluation takes place, which will feed into the next buying cycle.	< TOP
58.	B New task buying is a situation in which a buyer purchases a product for the first time. The hiring of a company to prepare a web site for the company's new online instructional service is a example of a new task purchase for a company that provides sales training seminars to consumer product companies.	< TOP
59.	C A store-owner buying hand-painted slate signs to sell in her store is an ideal example of organizational buying patterns.	< TOP
60.	D A reciprocity arrangement is an arrangement unique to business-to-business marketing in which two organizations agree to buy from each other. (a) Just in time: this is a method for maintaining the minimum inventory of raw material and finished goods. (b) Straight rebuy is a process of buying a product that has been purchased frequently and regularly. (c) In a modified rebuy, a purchase manager buys that have been purchased but changes specifications, quantity, delivery schedules etc. (e) Option is not relevant.	< TOP
61.	C The definition of the problem is the most critical aspect of marketing research, and this has to take place right at the start. Poor or ill-defined problems result in solutions, which are not effective. Some managers consider marketing research as a threat to their jobs, as they feel that the findings of the research may conflict with the knowledge and experience they have gained over the years.	< TOP
62.	A Single segment concentration for a marketer has its own merits and demerits. Focusing on a single segment gives the marketer the advantage of high sales, as he puts all his marketing efforts on that segment and on improving the product to exactly match the tastes and preferences of the customers in the segment. This strategy is more so beneficial for a firm with limited resources when it is competing with much larger organizations.	< TOP
63.	B The strategic planning process not only helps an organization gain a clear picture of its future, but it also helps in maintaining good relationships among its various departments, ensuring a smooth flow of essential information among them. Strategic, marketing planning involves devising the brand strategy, the product strategy, the, sales strategy, the sales promotion strategy, and the advertising strategy. These strategies have to be carefully formulated and implemented to ensure long-term, sustainability of the organization.	< TOP

	Answer	Reason	
64.	E	All the statements are true.	< TOP
65.	C	Values by chance are the values that arise accidentally in course of time and gradually become a norm.	< TOP
66.	A	Total quality management is essentially the constant striving to produce what the customers want by carefully eliminating defects prior to and after the products has been delivered.	< TOP
67.	C	A market niche is a narrow and profitable target segment whose needs have been hitherto unserved.	< TOP
68.	D	Support activities assist primary activities by providing infrastructure that allows them to take place on an ongoing basis. Support activities such as procurement, hiring the personnel, R&D, infrastructure i.e., general management, planning, government, hiring the activities and quality management, accounting, and legal activities, etc., are handled by various departments.	< TOP
69.	C	Relationship marketing is building mutually satisfying long-term relationships with customers. The aim of customer relationship management is to produce high customer equity. There are five levels in customer relationship building. In accountable marketing, the salesperson calls the customer to check whether the product is meeting expectations. (a) In basic level marketing, the salesperson simply sells the product. (b) In the reactive level, the salesperson sells the product and invites the customers to call with any questions they might have, later. (d) In the proactive level of relationship marketing, the salesperson contacts the customer from time to time with suggestions about improved products uses or new products. (e) In the partnership level, companies work in tandem with their customers to provide better services to them.	< TOP
70.	C	Companies generally resort to downsizing to enhance their financial performance. Downsizing drastically reduces costs; it results in inefficiency in the form of decreased loyalty, insecurity and decline in employee morale. It also decreases employee motivation.	< TOP
71.	A	The period in the business cycle in which the high unemployment rate begins to decline, purchasing power increases and the unwillingness to buy reduces slowly is known as recovery.	< TOP
72.	A	Multiple sourcing has many suppliers from different backgrounds gives organization an edge over its competitors.	< TOP
73.	D	Change in the discretionary income will affect the sales of durables like appliances, furniture and automobiles.	< TOP
74.	C	The adult consumers group in the 35-50yrs age-group is more health conscious and seeks stability and financial independence. Therefore, industries such as pharmaceuticals, personal care, fitness products, gym equipment, real estate, insurance, automobiles, etc. benefit from them.	< TOP
75.	A	Organizations consume natural resources for the production of goods and services. Sometimes, companies locate their production plants near the natural resources because the transportation costs may increase the overall cost of their products. Companies now realize that natural resources are limited and they need to be consumed judiciously. Otherwise, they will deplete fast. Changing consumer-spending patterns does not reflect the natural environment.	< TOP
76.	C	A niche market is a narrow or smaller segment that has similar attributes and has been neglected by other marketers. (a) A clustered market has customers with preferences in distinct clusters. (b) Mass marketing involves mass production, mass distribution and mass promotion of products. (d) A demographic market is segmented based on attributes such as age, gender, income, occupation, religion,	< TOP

Answer	Reason	
	race, etc. (e) Individual marketing is the extreme level of marketing in which marketers focus on individual customers.	
77. C	A customer evaluates the performance of a product after buying it. In case of high involvement and less frequently purchased products, a customer tries to gather information about the product. The post purchase use of the product might make him feel dissatisfied about his purchase decision. This dissatisfaction or dissonance might arise, when the customer hears good things about other brands, or when he does not get all the features he was looking for in the product. Running ads after the purchase reinforces to the customer that he/she has made the right choice in purchasing the running shoe.	< TOP
78. D	Deciders are the people who have the power to choose the best alternative among the available options regarding the purchase of a product or service. Hence they have the power to approve the final suppliers. (a) Gatekeepers are the people who control the flow of information into the organization. (b) Approvers authorize the purchase process, before the buyers in the organization implement it. (c) Influencers are people who persuade or push the purchase decision. (e) Initiators identify the need for a product or a service.	< TOP
79. D	Joint demand is a type of demand in which the demand for a particular product is affected by the demand for a related product.	< TOP
80. B	Segmentation by loyalty status refers to the repurchase of a kind due to various levels of allegiance a customer exhibits.	< TOP
81. E	In concentric diversification strategy, a company tries to diversify by serving a new customer base with products that are related to the existing product category. (a) If a company starts producing its own raw materials then, it is adopting backward integration strategy. (b) In conglomerate diversification strategy, the company tries to perform unrelated business activities. (c) If a company plans to start its own distribution network, then it is adopting forward integration. (d) If a company tries to attract current customers with new products even if the company has to acquire a new manufacturing capability, it is known as horizontal diversification strategy. (e) In concentric diversification strategy, a company tries to diversify by serving a new customer base with products that are related to the existing product category.	< TOP
82. D	The overall plan for marketing a product that includes selecting and analyzing a target market and creating and maintaining a marketing mix is known as marketing strategy.	< TOP
83. B	Form competition is the one in which a company sees itself competing with all other companies offering similar benefits.	< TOP
84. E	Marketers need to ensure that there is no conflict between communication messages from different media. Therefore, marketers need to adopt an integrative approach to communicate with customers so that maximum benefits can be extracted from their communication effort.	< TOP
85. D	Statement (IV) is not true because product differentiation focuses on the elements of a product that makes it different from the competing brands.	< TOP
86. D	A group of closely related product items that are considered to be a unit because of marketing, technical, or end-use considerations is a product line.	< TOP
87. A	Executive summary is a brief description of the entire report, which contains an introduction and a description of the highlights of the marketing plan.	< TOP
88. A	Strategic planning involves answering questions such as where should the company be in the next few years? Which are the markets it should serve? What are the products it should offer? Should there be any product line or brand extensions?	< TOP

	Answer	Reason	
89.	C	The Internet domain adopted by eBay is Consumer to consumer.	< TOP ≥
90.	A	ICICI bank took the initiative of providing 12-hour banking services i.e. 8-to-8 banking. The bank had to employ 1500 additional staff to work on a two shifts basis, even though it costs went up by 25 percent. According to head, retail banking ICICI, “100 branches are covered under 8-to-8 concept and the bank is planning to cover all its 430 branches across the nation”. The reason behind ICICI initiative is to utilize the infrastructure in an optimal manner. Option (b) is not correct as there is no pressure from employees to increase bank timing. Option (c) ICICI is the first bank to come out with 12 hour service. Option (d) this option is not appropriate has it’s not bank duty to reduce unemployment. Option (e) Banks encourage usage of phone banking and internet banking.	< TOP ≥
91.	B	Bank failed to recognize the customer profitability.	< TOP ≥
92.	B	Option (II) and (IV) are the limitations of product line extension and option (I) and (III) are the reasons for line extension Hence the answer is (b).	< TOP ≥
93.	C	Influencer is a person whose views and advice influence the buying decision. Kavita acted in the role of influencer and also as information gatherer because she got the information that the skateboard Sanjay wanted to purchase does not have any brakes. Kavita also influenced the mother to stop the purchase. No family member served as decider is false since the mother took the role of decider. Sanjay acted in the role of initiator.	< TOP ≥
94.	C	Starbucks identify opportunities to achieve further growth within current business is market-penetration strategy.	< TOP ≥
95.	A	Total customer value is the difference between the prospective customer’s evaluation of all the benefits and all the costs of an offering and the perceived alternatives. Total customer cost is the bundle of cost customers expect to incur in evaluating, obtaining, using and disposing of the given market offering. Cost and all the benefits are considered not just service, delivery and benefits.	< TOP ≥
96.	B	Option (I), (II), (III) refers to Bargaining power of supplier. Option (IV) refers to bargaining power of buyers. Hence the answer is (b).	< TOP ≥
97.	A	Product width is the total number of product lines a company carries.	< TOP ≥
98.	C	The marketing intelligence system is developed through constant interaction with customers, dealers, and suppliers, and information fed in from trade related articles, journals, and various other such publications and also through constant monitoring of the competition and their strategies.	< TOP ≥
99.	C	In monopolistic competition, few firms produce products differentiated along lines of quality, features, or services. (a) In oligopoly a few companies produce products partially differentiated along lines of quality, features, or services. (b) In monopoly, only one firm provides a certain product or service. (d) In pure competition, many firms produce products with little differentiation. (e) Option is not applicable.	< TOP ≥
100.	D	In geographic segmentation, the market is divided according to geographical areas such as localities, regions, cities, states, countries, etc.	< TOP ≥

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