

Question Paper

Marketing Management - II (MB222): July 2008

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

1. In Canada, CocaCola Beverages has rolled out new marketing, technology and packaging strategies to outmaneuver private-label Canadian cola bottlers, which have captured considerable market share. Coke will bring in a new just-in-time distribution system based on unit trains and cross-docking sales centers. Which of the following statements **best** describes the benefits of cross-docking for coke? [<Answer>](#)
- (a) Cross-docking reduces storage and multiple handling costs
 - (b) The use of cross-docking means CocaCola will rely more on business-to-business marketing
 - (c) Cross-docking will help in storing non-seasonal goods
 - (d) Cross-docking will allow Coca-Cola to use less freight forwarding
 - (e) Cross-docking will allow Coca-Cola to outsource its manufacturing.
2. Product-related ethical issues can arise when marketers [<Answer>](#)
- (a) Do not provide consumers with enough information about how a product is priced
 - (b) Force intermediaries to behave in a specific manner
 - (c) Bribe salespeople to push one product over another
 - (d) Fail to disclose information to consumers about the risks associated with using a product
 - (e) Manufacture a product that is very similar to a competing product.
3. A firm doing business needs to strictly adhere to the law of land and has to focus its attention on ethical issues. A firm which contributes some of its resources for the betterment of the society is said to be performing a/an [<Answer>](#)
- (a) Ethical act
 - (b) Philanthropic act
 - (c) Responsible act
 - (d) Intuitive act
 - (e) Innovative act.
4. When setting prices of a product, a firm can consider several pricing objectives. The pricing objective of either increasing or maintaining the market share [<Answer>](#)
- I. Is independent of the industry's performance in which the firm is operating.
 - II. Is useful when absolute sales volume of a company decreases as relative market share is decreasing.
 - III. Is useful when total market for a product increases.
- (a) Only (I) above
 - (b) Both (I) and (II) above
 - (c) Both (I) and (III) above
 - (d) Both (II) and (III) above
 - (e) All (I), (II) and (III) above.
5. The label on the pack of cigarettes states, 'smoking is injurious to health'. This statutory warning is used by the companies [<Answer>](#)
- (a) To encourage multiple purchases
 - (b) To provide information
 - (c) To satisfy legal requirements
 - (d) To prove itself as socially responsible
 - (e) For promotional reasons.
6. There are certain principles that have to be followed by retailers, for their business to be successful. Which of the following is the first and the foremost principle that has to be followed by retailers? [<Answer>](#)
- (a) Products have to be priced honestly
 - (b) Customers time is precious and should not be wasted
 - (c) Services should be offered in a way that match customer expectations and do not hurt their sentiments
 - (d) Customers should be treated with utmost respect
 - (e) Offer adequate and appropriate solutions for shopping problems faced by customers.
7. RHL Residential, a major real estate developer in the Southwestern United States, sells to customers from all over the country and around the world. The company, which was founded in 1966 by a group of Scottsdale, Arizona real estate investors, currently builds in 14 different markets in Arizona, California, Nevada, Mexico, and Texas. [<Answer>](#)

RHL specializes in planned, resort-style communities designed for retired couples. This specialty requires careful marketing: the company's target audience is widely dispersed across the country and around the world, and these customers face a large number of choices in a highly competitive housing market. And because RHL focuses on more upscale residential developments, the company must work especially hard to get its message to customers. RHL wanted to find marketing medium that combined low cost with wide reach and the ability to deliver a focused message to a specific target audience. The company also wanted to find a way to gather more detailed information on potential customers so it could continue to refine its marketing efforts and to get solid feedback on the effectiveness of its current marketing campaigns. And finally, RHL wanted a way to bring more independent brokers, an important link in the company's sales chain into its marketing efforts. Which of the following would be the **most** suitable marketing medium for RHL?

- (a) Using radio as a medium to reach its target customers
- (b) Placing advertisements in national news papers
- (c) Employing sale personnel to do door- to-door marketing
- (d) Telecasting advertisements in the television to attract the customers
- (e) Developing an attractive web site providing all the details.

8. Which of the following is/are **true** regarding product venture teams? [<Answer>](#)

- I. A venture team is a group brought together from various departments and given the charge of developing a specific product or business.
 - II. They can be instrumental in organizing new-product development.
 - III. They are responsible for reviewing and approving proposals for the new product development.
- (a) Only (II) above
 - (b) Only (III) above
 - (c) Both (I) and (II) above
 - (d) Both (I) and (III) above
 - (e) All (I), (II) and (III) above.

9. Sony's communication objective is to achieve 95 percent awareness for its latest camcorder model during the six-month introductory period. Which of the following methods can Sony use to set its advertising budget? [<Answer>](#)

- (a) Affordable method
- (b) Percentage of sales method
- (c) Objective and task method
- (d) Competitive parity method
- (e) Discount method.

10. Which of the following is/are the objectives of advertising campaign? [<Answer>](#)

- I. Inform.
 - II. Persuade.
 - III. Create distinction.
 - IV. Create emotions.
- (a) Only (I) above
 - (b) Both (I) and (II) above
 - (c) (I), (II) and (III) above
 - (d) (I), (III) and (IV) above
 - (e) All (I), (II), (III) and (IV) above.

11. There are various factors that influence the design of the communication message. Which of the following factors helps customers form their opinions of a product or a company? [<Answer>](#)

- (a) Message content
- (b) Message format
- (c) Message structure
- (d) Message meaning
- (e) Message source.

12. Which of the following is/are the measure(s) of effectiveness that help(s) in evaluating a public relations program/process? [<Answer>](#)

- I. Monitoring the amount of media coverage obtained.
 - II. Measuring the number of inquiries or orders received in response to specific public relations efforts.
 - III. Measuring the effectiveness of media plan.
 - IV. Measuring attendance at meetings, conferences, etc.
- (a) Only (III) above
 - (b) Both (I) and (II) above

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

13. In the first week of April, the Drew Carey television show airs a program full of errors. Then the viewers are asked to record those errors and send those errors as many as one can to an address in California. The person who sends the maximum errors wins a chance to visit the set where the program is recorded and have a walk-on role. This is an example of

[<Answer>](#)

- (a) Price promotion
- (b) Sweepstake
- (c) Installment offer
- (d) Consumer contest
- (e) Trade show.

14. The sales representative of Ferrara Pan Company has an appointment to make a sales call with the owner of a chain of convenience stores in Mumbai. During the pre-approach for this prospect, the salesperson should

[<Answer>](#)

- (a) Decide how much time he is going to take to close the sale
- (b) Determine whether he needs to bring charts and graphs to the presentation
- (c) Decide if the customer will raise an objection with which he is familiar
- (d) Remove all noise from the communication channel
- (e) Plan an introductory close with which to begin his plan.

15. After passing the initial screening stage, the product idea proceeds to the next stage i.e. concept stage. Concept testing helps the company in

[<Answer>](#)

- I. Eliminating the concepts that are not approved by the target market.
- II. Identifying consumer criteria of evaluating the product.
- III. Deciding upon the product positioning.
- IV. Analyzing marketing issues relating to the new product.

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

16. Big Bazaar is a chain of department stores in India, currently with 75 outlets. It is owned by the Pantaloon Retail India Ltd, Future Group. It works on the same economy model as Wal-Mart and has considerable success in many Indian cities and small towns. The idea was pioneered by entrepreneur Kishore Biyani, the CEO of Future Group. Big Bazaar stores have a good brand image in the market. It is the biggest and the fastest growing chain of department store and aims at being 350 stores by the end of the year 2010. It is offering a wide variety of products ranging from branded to local. The main aim of Big Bazaar is to sell the products with a less price compared to others. Generally the profit margins in local products are higher than branded products. The growth in the retail sector attracted competition, which have resulted in the price wars, thus reducing the market share of Big Bazaar. To counter the competition Big Bazaar is trying to increase its profitability to remain as a major competitor. Which of the following strategies would be the **best** for Big Bazaar to increase its profitability and also to remain competitive in the market?

[<Answer>](#)

- (a) Attractive advertising campaigns to increase the traffic flow
- (b) Using its buying power to source products at cheaper rates from the suppliers
- (c) Increasing the range of branded products in the stores
- (d) Promoting the local products with good quality by giving its own store brand name
- (e) Discount the price on all the products.

17. Sales personnel can be classified as order-takers, order-getters and support personnel on the basis of the nature of functions they perform. Which of the following is/are **true** regarding field order takers?

[<Answer>](#)

- I. Salespersons who are required to make field calls to promote sales.
- II. They help grow the business by interacting with the customers and taking orders on phone or through mail.
- III. They include sales agent of pharmaceutical companies, insurance companies, sales people who promote the sales of hardware, office supplies, etc., to retail stores.
- IV. They share a relationship of mutual dependency with the customer.

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

- (e) All (I), (II), (III) and (IV) above.
18. In which of the following branding techniques, all of the firm's products are branded with the same name or at least part of the name? [<Answer>](#)
- (a) Individual branding
 - (b) Trademark branding
 - (c) Family branding
 - (d) Selective branding
 - (e) Extension branding.
19. A company in its communication message lays emphasis on the quality, performance and value of its products. Which of the following marketing communication objective is the company trying to fulfill? [<Answer>](#)
- (a) To build awareness about the product
 - (b) To provide knowledge about the product
 - (c) To develop liking for the product
 - (d) To develop preference for the product
 - (e) To help develop conviction about the product.
20. In which of the following methods of inventory allocation, orders are processed at periodic intervals, such as, at the end of the day or shift? [<Answer>](#)
- (a) Real time replenishment
 - (b) Batch method
 - (c) Product focused method
 - (d) Continuous method
 - (e) Job shop method.
21. The channel member that markets all of a manufacturer's output, has complete authority over price, promotion and distribution, but does not take title of the product is known as [<Answer>](#)
- (a) Limited-line wholesaler
 - (b) Selling agent
 - (c) Commission merchant
 - (d) Manufacturers' agent
 - (e) Broker.
22. Retailing is a business activity that involves selling product/services to customers for their non-commercial, individual or family use. Which of the following statements is/are **true** regarding specialty stores? [<Answer>](#)
- I. They are the general merchandise retailers with considerably large retail space with separate sections allocated for food stuff, body care products, etc.
 - II. The stores are manned by personnel who have knowledge about the various product lines.
 - III. These stores normally target selective and small segments of the market for sales.
 - IV. Generally the quality of goods sold in these stores ranges from average to very good quality.
- (a) Only (III) above
 - (b) Both (I) and (II) above
 - (c) Both (II) and (III) above
 - (d) (I), (II) and (IV) above
 - (e) All (I), (II), (III) and (IV) above.
23. Which of the following methods of approach in personal selling process involves the salesperson approaching the prospect without obtaining his prior consent? [<Answer>](#)
- (a) Referrals method
 - (b) Canned sales approach
 - (c) Formulated sales approach
 - (d) Cold canvassing method
 - (e) Repeat contact approach.
24. Brain storming technique is used in the new product development stages to [<Answer>](#)
- (a) Commercialize the product
 - (b) Test the concepts
 - (c) Analyze the market
 - (d) Generate the ideas
 - (e) Screen the ideas.
25. Globalization and the emergence of advanced technological tools in information technology and telecommunications have forced companies to change their conventional business practices/processes with the [<Answer>](#)

help of techniques like reengineering, outsourcing and benchmarking. Which of the following statements is/are **true** regarding the 'Benchmarking' process?

- I. The goal is to follow the practices of a successful company and try to reach that position within a specified period of time.
 - II. It is a process of identifying the companies that are the best in the industry and analyzing how these companies are performing.
 - III. It is a process by which a company tries to enhance its efficiency by redesigning the existing process.
 - IV. It is a process where a company focuses on reducing costs by maintaining the minimum number of suppliers, improving business process with the suppliers and as a result obtaining high quality inputs efficiency from suppliers.
- (a) Only (I) 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.

26. Soft drink companies advertise that their products can beat the competition in national "taste tests," and they spell out the name of the rival brand. This form of advertising **best** describes as [<Answer>](#)

- (a) Pioneer
- (b) Competitive
- (c) Comparative
- (d) Defensive
- (e) Selective.

27. The most popular technique for closing a sale is the salesperson makes the presentation and waits quietly for the customer to make the purchase decision refers to [<Answer>](#)

- (a) Assumptive close
- (b) Cautious close
- (c) Concession close
- (d) Direct close
- (e) Silent close.

28. Malcolm has come up with an idea of a well-devised system for picking up peoples' cars while they are at work, washing and waxing them, and returning them for a fee. Having been a big success in his home city, Malcolm plans to sell its rights to set up his operations in other cities to investors an upfront fee. The service described seems to be **best** suited for [<Answer>](#)

- (a) Direct marketing
- (b) Franchising
- (c) Door-to-door retailing
- (d) Licensing
- (e) Speciality retailing.

29. Simon Company developed a new product that combines the features of a stereo system, a television set and a personal computer designed as the ultimate in home entertainment. The company decided to launch the product in only selected showrooms in major cities. The company was very confident that its product would be successful in the market, as it was the first of its kind. Also, the present market condition was appropriate for the product. The only problem was to set the right price for the new product, which is always challenging. With reference to the given situation, what would be the **best** pricing strategy for the company's new product? [<Answer>](#)

- (a) To set the price by calculating the production cost
- (b) To set a price that offers greatest value to customers
- (c) To set a high price so that the profit margin is maximum
- (d) To set a low price so that a larger market can be tapped
- (e) To set the price depending upon different market situations.

30. All of the following are examples of publicity-based public relations tools **except** [<Answer>](#)

- (a) Annual reports
- (b) Feature articles
- (c) News releases
- (d) Press conferences
- (e) News stories.

31. Ganja party advertises on television to seek the votes from the people for a specific proposal is a form of [<Answer>](#)

- (a) Advertising
- (b) Public relations

- (b) Public relations
- (c) Personal selling
- (d) Sales promotion
- (e) Publicity.

32. Effective logistics management helps an organization meet its customer expectations on time with maximum accuracy and without damage to the product being delivered. Which of the following is/are the aspects of marketing that form the basis of customer service? [<Answer>](#)

- I. Customers must be given importance than the goods and services that have to be delivered.
- II. Products and services are of significance to the customers only when they are available to them exactly when customers need them.
- III. Organizations should focus more on profitability than on sales volumes.
- IV. Companies should charge a premium price from the customers to increase the profit margins.

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

33. Which of the following promotional tools is used to entice consumers to purchase goods immediately? [<Answer>](#)

- (a) Scan back allowance
- (b) Press conference
- (c) Money refund
- (d) Dealer listing
- (e) Billboard advertisement.

34. After shopping in the same store for nearly two hours, Charlie goes to Burger King for a Whopper, Cynthia goes to the opticians to see if her contact lenses are ready and the children play in the crèche. They engage in these activities without leaving the store in which they are shopping. They are most likely in a [<Answer>](#)

- (a) Superstore
- (b) Hypermarket
- (c) Department store
- (d) General merchandise retailer
- (e) Discount store.

35. Manufacturers use number of methods such as trade shows, premiums, sales contest, etc., to attract the middlemen. Free merchandise is a sales promotion technique where [<Answer>](#)

- I. Additional amount of the product is offered without any additional cost, as an incentive to purchase a minimum quantity.
- II. Manufacturer agrees to pay the reseller certain amount of money for promoting the company's product through advertising or displays.
- III. A part of the display kit is given to the retailer as gift or reward to encourage him to display the merchandise.
- IV. A temporary price reduction is offered to the retailer for purchasing a specific quantity or units of the product.

- (a) Only (I) 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.

36. A clothing store determines its advertising budget by comparing with the major competitor and adding an additional 15 percent is called as [<Answer>](#)

- (a) Percentage-of-sales method
- (b) Arbitrary allocation method
- (c) Objective-and-task method
- (d) Competitive parity method
- (e) Affordability method.

37. In recent years the real estate business in Hyderabad has grown at a significant pace, due to the development of Information Technology (IT) parks. MNCs as well as domestic giants have set up establishments in the city creating more employment opportunities for the software professionals. Mr. Ramprasad Chowdary, a business man, wanted to make money by investing in the real estate, keeping in mind the real estate boom. Partnering with [<Answer>](#)

close friends he purchased some land on the outskirts of the city and planned to develop a colony there. They wanted to market the plots to software professionals in the city. Which of the following would be the **most** effective method for Mr. Ramprasad Chowdary and his partners to market the plots to software professionals?

- (a) By sending catalogues containing details about the plots to software professionals
- (b) By distributing pamphlets stating availability of plots and contact details of Mr. Ramprasad
- (c) By placing kiosks near the IT parks, which provide information about the plots
- (d) By communicating the details about the plots through television, and accepting bookings on a phone call or mails
- (e) By placing ads in the local news papers providing details about the plots.

[<Answer>](#)

38. The appearance of the production facilities and the interpersonal skills of actual service providers are critical in which of the following services?

- (a) Low-contact
- (b) Equipment-based
- (c) Industrial
- (d) High-contact
- (e) Non-professional.

[<Answer>](#)

39. Which of the following product assortment strategies adopted by a retailer provide many categories of products or services, as well as large variety in each of these categories?

- (a) Wide and shallow
- (b) Narrow and deep
- (c) Wide and deep
- (d) Narrow and shallow
- (e) Long and deep.

[<Answer>](#)

40. Frito-Lay directs its promotional efforts towards intermediaries by providing huge discounts, recognition and special rewards for achieving or exceeding targets. Which of the following strategies is used by Frito-Lay?

- (a) Push strategy
- (b) Direct marketing
- (c) Positioning strategy
- (d) Pull strategy
- (e) Market skimming strategy.

[<Answer>](#)

41. A form of publicity which is done by supporting and linking the organization's name with a particular event is known as

- (a) Brand extension
- (b) Brand sponsorship
- (c) Brand loyalty
- (d) Line extension
- (e) Brand equity.

[<Answer>](#)

42. The Internet has not only revolutionized personal lives, but has even transformed the world of business to a great extent. Which of the following is/are the factors hindering the growth of online marketing?

- I. Reluctance of Indian customers to give credit card details for online purchases.
- II. Online marketing efforts reach a large customer base.
- III. Maintaining an online store does not have additional costs associated.
- IV. Online marketing allows counting of exact number of customers visiting the site.

- (a) Only (I) 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.

[<Answer>](#)

43. Roger McKinney complains to his advertising director that the continuing slump in orders has apparently been perpetuated by the firm's failure to have the necessary advertising expenditures in key medias. Based on this information, the firm is **most** likely to use which of the following approaches to determine its advertising appropriation?

- (a) Percent-of-sales
- (b) Objective-and-task
- (c) Competition-matching
- (d) Arbitrary

- (d) Arbitrary
- (e) Competitive parity method.

44. Miller SQA, a subsidiary of Herman Miller Inc., produces office systems. The company has developed an innovative supply chain management system called 'production metering'. It ensures the availability of raw material on a continuous basis besides reducing the inventory costs. The technique also helped the company deliver efficient customer service and systemize its production and distribution processes. It employed a logistics firm, Menlo Logistics, to manage its dedicated storage facility, located three miles away from the plant. Menlo logistics', responsibility, was to receive, store, and stack around 64,000 components delivered by SQA's suppliers. The production metering center delivers raw materials every two hours to the company's plant, thus making sure that production carries on continuously without any interruptions and with zero inventory at the plant. When an order for raw materials is placed by the production department, Menlo Logistics delivers it on ergonomically designed vehicles that facilitate easy handling and speedy delivery of components. How does employing a logistics firm help Miller SQA?

[<Answer>](#)

- (a) It helps in delivering the raw materials from Menlo Logistics to the plant without any damage
- (b) It reduces the time lag between placing the requisition with Menlo logistics and the time the raw material is delivered at the plant
- (c) It eliminates the possibility of conflicts arising between Miller SQA and its suppliers
- (d) Menlo logistics provides Miller SQA with storage space that it may have lacked
- (e) It helps in streamlining the entire logistics process.

45. Which of the following is/are **true** regarding 'brand extension'?

[<Answer>](#)

- I. Brand extension is advisable when the value proposition reflected by the parent brand gets enhanced through the extension.
 - II. Brand extension strategy should be used when a breakthrough product is to be launched.
 - III. An upward extension increases the sales volume by leveraging on economies of scale.
 - IV. Extending the brand to a downscale market would be successful when developing sub-brands.
- (a) Only (I) above
 - (b) Both (I) and (II) above
 - (c) (I), (II) and (III) above
 - (d) (I), (III) and (IV) above
 - (e) All (I), (II), (III) and (IV) above.

[<Answer>](#)

46. The primary purpose of a broker is to

- (a) Take title of a producer's goods before selling them to retailers or consumers
- (b) Sell directly to the final consumer
- (c) Supply products in the food industry by developing permanent, trusting relationships with buyers
- (d) Sell directly to producers
- (e) Bring buyers and sellers together.

[<Answer>](#)

47. According to **most** of the communication models, at what point the communication process ends?

- (a) There is no end as communication is generally an ongoing process
- (b) A successful sale marks the end of the communication process
- (c) The process ends when a buyer places an order
- (d) The process ends when the customer completes the purchase
- (e) The process ends when sender transmits the message.

[<Answer>](#)

48. The functions of a marketing channel can be understood better by analyzing the five functions of the marketing channels. Which of the following functions of a marketing channel relate to the function of 'alleviating discrepancies'?

- (a) It is a mechanism that connects the channel members and allows them to combine their resources and assess the market risks to achieve the common goals of the channel
- (b) It involves delivering goods and services to the customers by removing inconsistencies in quantity and assortment offered
- (c) It involves delivering the same product to every customer in a standardized manner
- (d) It involves matching the needs of buyers and sellers
- (e) It involves providing efficient service to the customers.

[<Answer>](#)

49. Ralph Lauren sells Polo products through department stores as well as in its own specialty shops. Which of the following channel strategies is used by the designer for its products?

- (a) Channel extension
- (b) Intermediary exclusion
- (c) Broker utilization

- (c) Broker utilization
- (d) Dual distribution
- (e) Channel diversification.

50. Neel and Nikhil have come up with a portable CD player with many advanced features, which was expected to perform well. The CD player was very easy to carry and can also be used as a walkman. Neel and Nikhil were sure that it will definitely attract youth in big and small cities. The company came out selecting two pricing and promotional strategies for its product. But they have some doubt about which of two promotional and pricing campaigns will be best received by consumers. In this instance, which of the following would be the appropriate method to be carried out by Neel and Nikhil before launching the product in the market?

[<Answer>](#)

- (a) They should proceed to the business analysis stage of the new-product development process
- (b) They should proceed to the commercialization stage of the new-product development process
- (c) They should proceed to the screening stage of the new-product development process
- (d) They should proceed to the test marketing stage of the new-product development process
- (e) They should proceed to the product development stage of the new-product development process.

[<Answer>](#)

51. In order to close the gaps that arise during movement of goods from producers to customers, marketing channels representative perform a number of tasks to ensure smooth channel flow. Which of the following is **not** one of these tasks?

- (a) Flow of possession of goods
- (b) Flow of ownership
- (c) Marketing flow
- (d) Information flow
- (e) Risk flow.

52. Total estimated sales are the sum of

- I. Estimated first time sales.
- II. Replacement sales.
- III. Repeat sales.
- IV. Post purchase repair sales.

[<Answer>](#)

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

53. Hewlett Packard priced its inkjet printer at a low price and the cartridges for the printer at a relatively higher price. This method of pricing is known as

[<Answer>](#)

- (a) Two-part pricing
- (b) By-product pricing
- (c) Captive product pricing
- (d) Mark-up pricing
- (e) Product bundling pricing.

54. Which of the following is/are the key performance indicators that should be evaluated to determine the sales force efficiency in a particular region?

[<Answer>](#)

- I. The average number of calls a salesperson is making in a day.
- II. The number of customers added to the firm's customer base in a given period.
- III. The cost incurred on the sales force as a percentage of overall sales.
- IV. The number of customers gained in a given period.

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

55. Price is a key element in the marketing mix because it relates directly to

[<Answer>](#)

- (a) The size of the sales force
- (b) The speed of an exchange
- (c) Quality controls
- (d) The generation of total revenue
- (e) Brand image.

56. There are several stages that describe the evolution of the marketing department. Which of the following is/are **true** about an 'individual marketing department'?

[<Answer>](#)

- I. When the marketing activities of a firm increase to a stage where it is no longer viable for the firm to assign these activities to the sales department, a separate marketing department is established.
 - II. The marketing efforts of the firm include market research, brand management, product management, etc.
 - III. The sales department works with a short-term perspective and aims at increasing the sales.
- (a) Only (I) above
 - (b) Only (II) above
 - (c) Both (I) and (II) above
 - (d) Both (II) and (III) above
 - (e) All (I), (II) and (III) above.

57. Which of the following functions of warehousing uses the warehouse as a station for transferring goods from one place to another? [<Answer>](#)

- (a) Stock mixing
- (b) Batch method
- (c) Cross docking
- (d) Continuous method
- (e) Job shop method.

58. Which of the following would be the advertising objective of manufacturers of products and/or service, targeting individual customers? [<Answer>](#)

- (a) Attracting wholesalers and retailers to stock the products and then promote them to end users
- (b) Attaining sales for the product, brand or service
- (c) Attracting retailers' continuous patronage
- (d) Selling individual property, used vehicles, matrimonial, etc.
- (e) Creating awareness about social, environmental, health and family issues.

59. During which stage of new product development does the firm consider profitability? [<Answer>](#)

- (a) Idea generation
- (b) Testing
- (c) Business analysis
- (d) Product development
- (e) Compatibility research.

60. Which of the following is defined as activities involved in selling, renting and providing goods and services to ultimate consumers for personal, family or household use? [<Answer>](#)

- (a) Manufacturing
- (b) Wholesaling
- (c) Retailing
- (d) Franchising
- (e) Logistics.

61. Which of the following is/are the methods that help in analyzing the strategic performance of the company in the market? [<Answer>](#)

- I. Marketing audit.
- II. Marketing effectiveness review.
- III. Profitability control.
- IV. Marketing excellence review.

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

62. When companies temporarily price their products below list prices and sometimes even below cost is called [<Answer>](#)

- (a) Discount pricing
- (b) Discriminatory pricing
- (c) Psychological pricing
- (d) Promotional pricing
- (e) Market skimming.

63. The cereal industry in the U.S. has been heavily criticized for marketing efforts directed towards children as their high powered appeals presented through mouths of lovable animated characters overwhelm children's defenses and lead them to eat too much sugared cereal or poorly balanced breakfasts. McDonald's and other chains have [<Answer>](#)

drawn criticism for pitching their high-fat, salt-laden fare to low-income, inner city residents. Documents from Brown & Williamson Tobacco Corporation have revealed the extent to which these companies target black youths age 16 to 25. Which of the following **best** explains the reason for this criticism?

- (a) Marketers' practice an unethical choice to target markets by taking undue advantage of vulnerable groups such as children or disadvantaged groups or promote potentially harmful products
- (b) Marketers are unable to find substitutes for these potential harmful products
- (c) Marketers strongly believe in offering customers whatever they desire irrespective of the outcome
- (d) Marketers do not identify customer needs well enough
- (e) Marketing ethics lack support of top management.

64. Alex Knox, a young dentist, finds that he is not bringing in enough revenue to cover his expenses. He would like to schedule more patients, but he finds that in almost every time slot he is seeing an existing patient. Alex's problems of expanding his practice deal with

[<Answer>](#)

- (a) Inseparability
- (b) Intangibility
- (c) Perishability
- (d) Inconsistency
- (e) Heterogeneity.

65. Advertising is a paid form of non-personal presentation of goods or services by an identified sponsor to reach out to the maximum number of audiences. Which of the following is/are the benefits of advertising?

[<Answer>](#)

- I. It creates awareness, interest and desire for products and services in customers to buy them.
- II. It is cost efficient as it reaches a vast number of audiences simultaneously.
- III. It results in inducing immediate sales.
- IV. It helps in changing the customer's perception of a product.

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

66. What type of pricing objective might an organization set if it is already in a favorable financial position and desired nothing more?

[<Answer>](#)

- (a) Return on investment
- (b) Product quality
- (c) Profit
- (d) Survival
- (e) Status quo.

67. Which method of classifying retail outlets would be **most** appropriate for describing McDonald's, Holiday Inn, and Subway-all franchise operations?

[<Answer>](#)

- (a) Retailing based on ownership
- (b) Retailing based on extent of product lines handled
- (c) Retailing based on service vs. goods
- (d) Non-store based retailing
- (e) Retailing based on revenue generated.

68. Which test is used to measure the effectiveness of advertisement when Aarthi was asked to recall the advertisement of home appliances what she has seen recently?

[<Answer>](#)

- (a) Arbitron
- (b) Direct recall
- (c) Aided recall
- (d) Unaided recall
- (e) Recognition.

69. Trent Wholesale Plumbing has seen its sales in the southwest triple in the past two years. Materials handling director Anil Menon announces plans to the board for a Calicut facility that will combine shipments received from Trent's twenty-five suppliers for nearly immediate shipment to plumbing stores and contractors in the southwest region. This new facility would be **best** classified as which of the following?

[<Answer>](#)

- (a) Private warehouse
- (b) Public warehouse
- (c) Storage warehouse

- (c) Storage warehouse
- (d) Distribution warehouse
- (e) Bonded warehouse.

70. A firm trying to introduce an existing brand of a product to a high priced segment than the one it is serving currently is referred as

[<Answer>](#)

- (a) Line extension
- (b) Brand proliferation
- (c) Upward brand extension
- (d) Co-branding
- (e) Downward brand extension.

71. The providers of services, with which of the following attributes, can normally rely on export and import agents to manage the international service delivery without getting directly involved in the process?

[<Answer>](#)

- (a) High degree of tangibility
- (b) High degree of customization
- (c) Low degree of tangibility
- (d) Low degree of standardization
- (e) High degree of customization and low degree of tangibility.

72. Which of the following statements is/are **true** about an administered vertical marketing system?

[<Answer>](#)

- I. Two or more firms administrate the channel activities.
- II. Firms with dominant market positions wield authority, command and cooperation from other channel members.
- III. The system possesses a relatively low degree of inter-organizational management.
- IV. Being independently owned and operated makes them different from traditional channels.

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

73. Which of the following pricing methods is adopted when a liter of oil is priced less in Gujarat than in Andhra Pradesh?

[<Answer>](#)

- (a) Price differentiation
- (b) Base-point pricing
- (c) Freight absorption pricing
- (d) Transfer pricing
- (e) Zone pricing.

74. Budweiser beer and Marlboro cigarettes use a certain method of entry into foreign markets. This method allows these companies (and others) to retain control over their products while giving others the right to manufacture and distribute the products in foreign markets. The companies are paid a fee or royalty for giving the right to manufacture their products. Which of the following entry strategies would be associated with the method described?

[<Answer>](#)

- (a) Exporting
- (b) Management contracting
- (c) Direct investment
- (d) Licensing
- (e) Joint venture.

75. From past few years, the demand for Indian fishes in the global market has been increasing gradually. Especially, countries like France and USA have been importing quality fishes. Because of the huge demand for fish, the Indian fishery industry has been doing very well in the global market. People who invested in this business earned lot of money. Radhakrishna, a farmer from a small village in Andhra Pradesh realized this opportunity then sold all his agricultural land and purchased ten acres of suitable land to start the fishery business. Owing to huge price and demand fluctuations, he was in a dilemma as how to market his fishes when they were ready to be sold. Which of the following would be the **best** option available to Radhakrishna to market his fishes?

[<Answer>](#)

- (a) Selling directly in local fish markets
- (b) Exporting directly the fishes to other countries
- (c) Selling the fishes to a local agent
- (d) Selling the fishes to an agent outside the country
- (e) Opening own outlet and then selling fish through it.

(e) Opening own outlet and then selling fish through it.

76. Jack gets a shopping list from his wife. On the list are a potted plant, fresh salmon, motor oil, bread, milk, and a birthday cake. To make just one stop to save time, Jack should visit

[<Answer>](#)

- (a) A convenience store
- (b) An off-price retailer
- (c) A speciality store
- (d) A franchiser
- (e) A supermarket.

77. Marketing communications or promotions help marketers communicate information to potential customers about the product's existence and the value and benefits that can be accrued from it. Which of the following statements about the promotional mix is **true**?

[<Answer>](#)

- (a) The promotional mix contains only four promotional elements
- (b) Of all the promotional elements only public relations is completely free
- (c) Direct marketing is the only promotional element that provides immediate feedback
- (d) Advertising and direct marketing are the only promotional elements, which create customized interaction
- (e) The difficulty with effective sales promotions is the fact that they can be easily copied.

78. Which type of wholesaler not only provides transportation and delivers products to retailers, but also provides the service of placing products on retailers' shelves?

[<Answer>](#)

- (a) Truck wholesaler
- (b) Cash-and-carry wholesaler
- (c) Rack jobber
- (d) Drop shipper
- (e) Mail-order wholesaler.

79. Which of the following statements is/are **true** regarding the idea generation stage of new product development?

[<Answer>](#)

- I. New product ideas can come from customers, dealers, in-company resources, advertising agencies and the external research consultants.
 - II. Companies can use various parameters to generate ideas such as market size, technical capabilities, potential competition, etc.
 - III. Companies also prefer stimulus strategies and announce attractive prizes for people who suggest ideas.
- (a) Only (I) above
 - (b) Both (I) and (II) above
 - (c) Both (I) and (III) above
 - (d) Both (II) and (III) above
 - (e) All (I), (II) and (III) above.

80. A company provides online solutions such as database software and server suites to e-commerce companies. This is an example of

[<Answer>](#)

- (a) Business-to-consumer services
- (b) Business-to-business services
- (c) Government-to-consumer services
- (d) Government-to-government services
- (e) Consumer services.

81. The package design of a bag of flour would **most** likely be criticized for being

[<Answer>](#)

- (a) Unsafe to the environment
- (b) Unsafe to the user
- (c) Deceptive
- (d) Functionally deficient
- (e) Well suited for multiple-unit packaging.

82. Which of the following refers to the total number of units of a product that a customer acquires during a transaction period?

[<Answer>](#)

- (a) Convenience utility
- (b) Selection utility
- (c) Service utility
- (d) Lot size utility
- (e) Possession utility.

83. Organizations undertake new product development initiatives to meet different objectives. According to Booz, Allen and Hamilton, a new product can be categorized as [<Answer>](#)
- I. New to the world products.
 - II. Product line extensions and new product lines.
 - III. Improvement and revision of existing products.
 - IV. Repositioning.
- (a) Only (II) above
 - (b) Both (I) and (II) above
 - (c) (I), (II) and (III) above
 - (d) (I), (III) and (IV) above
 - (e) All (I), (II), (III) and (IV) above.
84. Reliance communications charges a fixed price for its mobile phone services that allow the subscriber a certain number of calls based on the amount he pays and any calls made beyond that limit are charged extra. This is an example of [<Answer>](#)
- (a) Captive product pricing
 - (b) Two-part pricing
 - (c) Product bundling pricing
 - (d) Optional feature pricing
 - (e) Product line pricing.
85. When customers lack knowledge about the substitutes available for the product, they tend to be less price sensitive. This is known as [<Answer>](#)
- (a) Unique value effect
 - (b) Substitute awareness effect
 - (c) Inventory effect
 - (d) Sunk investment effect
 - (e) End benefit effect.
86. All marketing activities that attempt to stimulate quick buyer action or immediate sales of a product are known as [<Answer>](#)
- (a) Sponsorship
 - (b) Advertising
 - (c) personal selling
 - (d) sales promotion
 - (e) Publicity.
87. Robert Emmanuel sells luxury automobiles at a dealership in an upscale section of a major city. When he started out as a salesperson, he identified potential customers by visiting office buildings near the dealership and examining the directories in the buildings' lobbies. He discovered that there were several large law firms within a mile or two of the dealership. He would copy down the names of the law firms and their attorneys from the building directory. Then he would mail engraved invitations to each of the attorneys inviting them to the dealership to test drive a new car. Deciding to focus on attorneys exclusively, he purchased a directory of attorneys in the area and started expanding his potential customer base. Which of the following is **true** with respect to the above situation? [<Answer>](#)
- (a) Robert Emmanuel is doing the groundwork for making a presentation to his clients (attorneys)
 - (b) Robert Emmanuel is in the pre-approach stage of the selling process
 - (c) Robert Emmanuel is making all efforts to ensure that when he makes his sales pitch to the attorneys they do not come up with objections
 - (d) Robert Emmanuel is generating potential sales leads
 - (e) Robert Emmanuel is all set with preparations to use the need satisfaction sales approach.
88. Nestle wants to expand its line of food products. The manager conducts customer surveys to determine which food items would appeal to them. Nestle is currently in which of the following phases of new product development? [<Answer>](#)
- (a) Business analysis
 - (b) Product development
 - (c) Test marketing
 - (d) Screening
 - (e) Idea generation.
89. Channel conflict originates from the inherent interdependence of channel members on one another. Which of the following **cannot** cause channel conflict? [<Answer>](#)
- (a) Population to be served

- (b) Negotiation
- (c) Territory to be covered
- (d) Functions to be performed
- (e) Goals and objectives to be fulfilled.

90. Companies are following a code of conduct in dealing with its suppliers and customers. Over the years, organizations have performed a variety of tasks in society. Economic and production task relates to

<Answer>

- I. Activities those are money-making.
- II. Helping in proper functioning of the society.
- III. Refraining themselves from unfair means.

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

91. Which of the following is/are the possible relationships between a franchiser and a franchisee?

<Answer>

- I. Legal relationship.
- II. Business relationship.
- III. Non-business relationship.
- IV. Wholesale agreement.

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

92. Which of the following statements is/are the advantage(s) of using industrial distributors?

<Answer>

- I. Industrial distributors possess considerable technical and market information.
- II. Industrial distributors are less likely to handle bulky items or items that are slow sellers.
- III. Industrial distributors sell specific brands aggressively.
- IV. Industrial distributors acquire title to the products and take possession.

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

93. Advertisers use a single approach or a mix of two or more approaches to create an advertisement message. An advertising approach, wherein the companies aim at retaining their customers by enhancing their resistance to withstand competitors appeal is referred as

<Answer>

- (a) Comparative advertising
- (b) Explicit advertising
- (c) Inoculative advertising
- (d) Refutation advertising
- (e) Creating emotions.

94. The Nike swoosh that is prominent on all of the firm's packaging, products, and advertising is a

<Answer>

- (a) Trade name
- (b) Trade mark
- (c) Brand name
- (d) Product mark
- (e) Brand equity.

95. The American Cancer Society ran a series of advertisements in which women talked about how they could help their friends by calling them and urging them to have regular mammograms. The advertisement describes the phone calls as simple but powerful acts that shows how women are caring about other women. Which of the following appeals do these advertisements use?

<Answer>

- (a) Moral
- (b) Rational
- (c) Emotional
- (d) Informational

- (d) Informational
- (e) Transactional.

96. Location is extremely important to a retailer because

<Answer>

- (a) Suppliers charge more to service stores in certain trading areas
- (b) A desirable location appeals to consumers' emotions and encourages them to buy
- (c) Location is the major determinant of store image
- (d) Location determines the trading area from which the store must draw its customers
- (e) Convenient location is an essential customer service.

97. The first step of the objective-and-task method is

<Answer>

- (a) Assessing the communications functions
- (b) Establishing specific marketing objectives that need to be accomplished
- (c) Determining advertising's role in the total communication mix
- (d) Establishing specific advertising goals in terms of the levels of measurable communication response required to achieve marketing objectives
- (e) Establish the budget based on estimates of expenditures required to accomplish the advertising goals.

98. Which of the following is a form of providing access to a patent or a trademark to some other company by charging a fee or royalty? <Answer>

- (a) Franchising
- (b) Licensing
- (c) Exporting
- (d) Management contracting
- (e) Internationalization.

99. Which of the following statements would generally **not** be associated with a successful Just-in-time program, for the purpose of inventory control? <Answer>

- I. It is based on the process of systematically controlling the supplies as well as production system of the organization.
 - II. It is based on principles such as continuous improvement and clear supply chain strategy.
 - III. Suppliers located in diverse and distant locations.
 - IV. It is based on production techniques such as zero level inventory maintenance, manufacturing smaller batch lot sizes, rapid switch over, quality circles etc.
- (a) Only (I) above
 - (b) Both (I) and (II) above
 - (c) (I), (II) and (III) above
 - (d) (I), (II) and (IV) above
 - (e) All (I), (II), (III) and (IV) above.

100. Shelly's firm is going to introduce a new fax machine. While going through the literature, she finds out that the document says materials are transmitted in under five seconds where as development specifications state that the machine takes ten seconds to transmit a page. When she calls in the author of the material to classify she is told that the marketing just wanted to stretch the truth a little to improve sales. This causes her to question which of the following? <Answer>

- (a) Moral principles of the people involved
- (b) Social responsibility of the people involved
- (c) Marketing orientation of the people involved
- (d) Commitment towards organization of the people involved
- (e) Legal responsibility of the people involved.

END OF QUESTION PAPER

Suggested Answers

Marketing Management - II (MB222): July 2008

Answer	Reason	
1. A	Transloading, another function of warehousing, uses the warehouse as a station for transferring goods from one place to another. This function of warehousing is also called as cross docking. On one side of the warehouse, the shipments are delivered and on the other side, these are split according to the destinations to which they have to be sent. This process reduces storage and multiple handling costs.	< TOP
2. D	Product-related ethical issues can arise when marketers fail to disclose information to consumers about the risks associated with using a product	< TOP
3. B	A firm which contributes some of its resources for the betterment of the society is said to be performing a philanthropic act . A firm is considered as responsible when it fulfills its economic, legal, ethical, and philanthropic commitment. (a) The characteristics that define acceptable conduct are called as ethics. (c) A way of dividing large markets into smaller groups according to consumer lifestyles, activities, opinions and beliefs. (d) The personal beliefs, experiences and views of a marketer. (e) A strategy of variable pricing that tries to restrict discounts and allowances to only those customers who probably won't buy without them.	< TOP
4. A	The objective of pricing the products and services of many organizations is to either increase or maintain the market share. The growth rate of a firm's market share is independent of the industry's performance in which the firm is operating. Absolute sales volume of a company might increase though its relative market share is decreasing.	< TOP
5. C	The label on the pack of cigarettes states, 'smoking is injurious to health'. This statutory warning is used by the companies to satisfy legal requirements.	< TOP
6. E	There are certain principles that have to be followed by retailers, for their business to be successful. The first and the foremost principle for the retailers is to offer adequate and appropriate solutions to the shopping problems faced by customers.	< TOP
7. E	Marketing is essentially about reaching the right people, with the right product, at the right price, at the right time. And with its capacity for closely and cost-effectively targeting qualified groups and individuals, Web marketing makes a strong addition to any marketing mix.	< TOP
8. C	Statement III is not true because they are not responsible for reviewing and approving proposals for the new product development.	< TOP
9. C	Objective and task method is used for developing the promotion budget by defining specific objectives, determining the tasks that must be performed to achieve these objectives and estimating the costs of performing these tasks. (a) Affordable method is used for setting the promotion budget at the level management thinks the Company can afford. (b) Percentage of sales method is used for setting the promotion budget at a certain percentage of current or forecasted sales. (d) Competitive parity method is used for setting the promotion budget to match competitors' outlays. (e) Discount method is a sales promotion tool.	< TOP
10. B	The objectives of an advertising campaign are to inform, persuade and remind.	< TOP
11. C	The message structure determines how attractive it is to the target audience. The message structure is designed to prompt the audience to an action, which ultimately turns into the purchase of the product.	< TOP
12. D	The measures of effectiveness that concentrate on the process of public relations are monitor the amount of media coverage obtained, measuring the number of inquiries or orders received in response to specific public relations efforts and measuring	< TOP

attendance at meetings, conferences, etc.

13. D Consumer contest method of sales promotion is carried out when a marketer aims at increasing the retail sale of a product. Customers take part in small competitions on the basis of their creative and analytical skills. Such contests attract customer's attention. (a) Price promotions are also commonly known as "price discounting". Marketers offer either a discount on the normal selling price of the product or more of the product at the same price. (b) In sweepstakes, customers are required to submit their names to be included in a draw for prizes. (c) Manufacturers as well as retailers offer products at a down payment and allow the customers to pay the remaining amount on an installment basis. (e) A group of retailers or manufacturers conduct exhibitions and trade shows to make the customer aware of the products offered by various firms. [< TOP](#)
14. B The last activity to be performed by the salesperson in the pre-approach stage is to prepare for the presentation. The salesperson develops his presentation on the basis of the information gathered earlier. The salesperson updates himself with relevant information, and assembles together all the material like visual aids that would be necessary to make an effective presentation. [< TOP](#)
15. C Concept testing helps the company in selecting the strongest concept from the available alternatives, eliminating the concepts that are not approved by the target market, identifying consumer criteria of evaluating the product and deciding upon the product positioning. Hence option (c) is the answer. [< TOP](#)
16. D In this scenario the best option for Big Bazaar would be to Promote the local products with good quality by giving its own store brand name. As the company had already good brand image in the market, it can definitely introduce more private brands. And as we know that the profit margin for local products is more than that of branded products. Thus by using private branding, the company can be competitive in the market by increasing its profitability. [< TOP](#)
17. D Statement (II) is not true because field order takers go to the customer and take the order for the products. [< TOP](#)
18. C When family branding is used, all of a firm's products are branded with the same name or at least part of the name. [< TOP](#)
19. D The customers may like a product but do not prefer to buy it. The marketer's communication objective in this case is to develop the preference of potential customers by focusing on the quality, performance, value etc in its communication messages. (a) Companies communicate with customers to create awareness about a new product or upgrades for an existing product. (b) The customers are aware of a product but have little or no knowledge about it, then the company's objective is to increase the knowledge of potential customers about the product and services. (c) The company tries to find out customers liking for their products. (e) Conviction is to make customers believe that the company's product is the best. [< TOP](#)
20. B In Batch method, the orders are processed at periodic intervals, such as, at the end of the day, or shift. [< TOP](#)
21. B The channel member that markets all of a manufacturer's output, has complete authority over price, promotion, and distribution, but does not take title to the product is a selling agent. [< TOP](#)
22. C Statements (II) and (IV) are true in case of department store. [< TOP](#)
23. D In cold canvassing method, the salesperson approaches the prospect without obtaining his prior consent. [< TOP](#)
24. D Idea generation is the first stage of new product development. Brain Storming is one of techniques for idea generation. (a) Commercialization is the last stage of new product development. (b) Concept testing is the stage where concept of the idea product tested. (c) Market Analysis is the stage where demand for new product is analyzed. (e) Idea screening is the second stage in new product development where [< TOP](#)

ideas generated are screened.

25. B Globalization and the emergence of advanced technological tools in information technology and telecommunications have forced companies to change their conventional business practices. The following statements are **true** for the 'benchmarking' process [< TOP](#)
- Is a process of identifying the companies that are the best in the industry and analyzing how these companies are performing
 - The goal is to follow the practices of a successful company and try to reach that position within a specified period of time.
- (III) It's a 'Reengineering' measure.
(IV) 'Collaborating with Suppliers'.
26. C Soft drink companies advertise that their products beat the competition in national "taste tests," and they refer to the rival brands by name. This type of advertising is best described as Comparative [< TOP](#)
27. E In silent close, the sales person makes the presentation and waits quietly for the customer to make the purchase decision. [< TOP](#)
28. B Malcolm has come up with the idea of a well-devised system for picking up peoples' cars while they are at work, washing and waxing them, and returning them for a fee. Having been a big success in his home city, Malcolm plans to expand his operation into other cities. The service described here seems best suited to franchising. [< TOP](#)
29. C The best option available for Simon Company is to launch the product with a relatively high price. So that profit margin is very high. Since the product they had developed was a very first of its kinds, there is no scope for any competition in the market. As the present market conditions are also in favor of the product it is always better to maximize the profit before any competitor enters the market. Also, by setting high price, they are indirectly communicating to the customers that their product is of a superior quality. They also have the option to reduce the price if the competition in the market increases. This will definitely be a competitive move by the company to reduce the competition. [< TOP](#)
30. A Publicity involves placing of information in a news medium at no billed cost to the sponsor. Public relations aim at improving the goodwill of a company in the market. Publicity is a function of PR and is carried out in the form of news items, press releases, articles, mass media interviews etc. An annual report is not a tool of publicity, though it is a tool of public relations. [< TOP](#)
31. A Advertising is any paid form of non-personal presentation by an identified sponsor. (b) Public relations builds good relations with the organization's various publics by obtaining favorable publicity, building up a good "corporate image," and handling or heading off unfavorable rumors, stories, and events. (c) Personal selling is a personal (face-to-face) presentation for the purpose of making sales and building relationships. (d) Sales promotion is a short-term incentive to encourage the purchase or sale of a product. (d) Advertising is any paid form of non-personal presentation by an identified sponsor. (e) Publicity is a non-personal, indirectly paid presentation of an organization, good, or service. The primary advantage of publicity is its credibility. Disadvantages relate to the lack of control over what the message says, to whom, or when. [< TOP](#)
32. C The following aspects of marketing form the basis of customer service: [< TOP](#)
- (i) Customers should be given more importance than the goods and services that have to be delivered.
 - (ii) Products and services are of significance to the customers only when they are available to them exactly when customers need them.
 - (iii) Organizations should focus more on profitability than on sales volume.
- Hence option (c) is the answer.
33. C In money refund, the customer receives a specific amount of money after he submits a proof of purchase to the manufacturer. Manufacturers devise the strategy such that the customer qualifies for a refund only when he makes multiple purchases. However, in some cases, marketers refund cash to customers on making a single [< TOP](#)

- purchase.
34. B After shopping in the same store for nearly two hours, Charlie goes to Burger King for a Whopper, Cynthia goes to the opticians to see if her contacts are ready and the children play in the crèche. They engage in these activities without leaving the store in which they have been shopping. They are most likely in a hyper market. [< TOP](#)
35. A **Free merchandise:** additional amount of the product is offered without any additional cost, as an incentive to purchase a minimum quantity. The incentive is typically offered for a limited period of time. [< TOP](#)
 (II) true in the case of ‘Merchandise allowance’
 (III) true in the case of ‘Dealer loader’
 (IV) true in the case of ‘Buying allowance’.
 Hence option (a) is the answer.
36. D A clothing store that sets their advertising budget by following the major competitor and adding an additional 15 percent is using the competitive parity method. [< TOP](#)
37. A The most effective way to promote the plots is through catalogs because Mr. Ramprasad can easily communicate to the targeted software professionals effectively, providing greater information. [< TOP](#)
 Option (b), pamphlets cannot have as much information as catalogs and cannot trigger customer interest as well as catalogs.
38. D The appearance of the production facilities and the interpersonal skills of actual service providers are critical in high-contact services [< TOP](#)
39. C In wide and deep product assortment strategy, retailer provides many categories of products or services as well as large variety in each of these categories. [< TOP](#)
40. A In push strategy, all promotional efforts are directed towards intermediaries or members of distribution channel. (b) Direct marketing includes all the activities in which producers or intermediaries communicate directly and individually with target customers. (c) Positioning strategy is to project the product against the competitor’s products and other products of the same firm. (d) In pull strategy, all promotional efforts are directed towards advertising and consumer promotion to build up consumer demand. (e) In market skimming strategy, certain companies prefer to set high prices for their products and recover the costs incurred in developing the product. [< TOP](#)
41. B Brand sponsorship is a form of publicity, which is done by supporting and linking the organization’s name with a particular event. [< TOP](#)
42. A Reluctance of Indian customers to give credit card details for online purchases is hindering the growth of online marketing. Therefore, option (a) is the answer. Statements (II), (III) and (IV) are advantages of online marketing. [< TOP](#)
43. A Roger McKinney complains to his advertising director that the continuing slump in orders has apparently been perpetuated by the firm's failure to have the necessary advertising expenditures in key media. Based on this information, the firm is most likely using percentage of sales approach to determine its advertising appropriation. [< TOP](#)
44. B The cycle time refers to the time from which the requisition is placed with the vendor to the time the product reaches to the final customer. Here Miller SQA wants to reduce the cycle time so it has employed a logistics firm Menlo logistics to manage its dedicated storage facility. It located three miles away from the plant. Menlo logistics responsibility was to receive, store, and stack around 64,000 components delivered by SQA’s suppliers. Here the final customer is Miller SQA and the vendor is Menlo logistics. So the time taken by the vendor to supply the raw materials has considerably reduced. [< TOP](#)
45. D Statement II is not true because extension strategy should be avoided when a breakthrough product is to be launched. [< TOP](#)
46. E The primary purpose of a broker is to bring buyers and sellers together. [< TOP](#)

47. A Where a company hopes to make repeat sales or to encourage recommendation to others, the communication process should be seen as never ending. [< TOP](#)
48. B Alleviating Discrepancies: The primary function of the marketing channel is to deliver goods and services to the customers. Discrepancies can be of two types quantity and assortment. [< TOP](#)
49. D Ralph Lauren sells Polo products through department stores as well as in its own specialty shops. The designer uses dual distribution as a channel strategy. [< TOP](#)
50. D In this instance, the best thing for them to do before entering in to the market is, proceed to the test marketing stage of the new-product development process. [< TOP](#)
51. C In order to close the gaps that arise between producers and customers, those representing marketing channels perform a number of tasks such as [< TOP](#)
1. Possession
 2. Ownership
 3. Financial flow
 4. Information flow
 5. Risk flow
 6. Negotiation.
- Therefore option(c) is the correct answer as marketing flow is not at all related to the channel flow.
52. B Total estimated sales are the sum of estimated first time sales, replacement sales and repeat sales. [< TOP](#)
53. C When manufacturers price the ancillary products or spare parts relatively higher than the basic product, it is termed as captive product pricing. (a) Service firms often engage in two-part pricing consisting of a fixed fee plus a variable usage fee: Telephone services are an example. (b) By-product pricing: The production of certain goods – petroleum products and other chemicals – often results in by-products. If the by-products have value to a customer group, they should be priced on their value. (d) Mark-up pricing: The elementary method used is to add a standard mark-up to the production costs. (e) Product bundling pricing is where a manufacturer provides a set of related products at a price. [< TOP](#)
54. E To determine the sales force efficiency in a particular region, there are certain key performance indicators that should be evaluated: [< TOP](#)
- The average number of calls a salesperson is making in a day.
 - The average cost incurred on each sales call.
 - The number of customers lost in a given period.
 - The costs incurred on the sales force as a percentage of overall sales.
 - The number of customers added to the firm’s customer base in a given period.
- Hence option (e) is the answer.
55. D Price is a key element in the marketing mix because it relates directly to the generation of total revenue. [< TOP](#)
56. E When the marketing activities of a firm increase to a stage where it is no longer viable for the firm to assign these activities to the sales department, a separate marketing department is established. The marketing efforts of the firm include market research, brand management, product management, etc. The sales department works with a short-term perspective and aims at increasing the sales. Hence, all the statements are true. [< TOP](#)
57. C Cross docking is a function of warehousing that uses the warehouse as a station for transferring goods from one place to another. [< TOP](#)
58. B Manufacturers of products and/or services have the objective as attaining sales for the product, brand or service. [< TOP](#)

the product, brand or service.

59. C During business analysis stage of new product development the firm consider profitability. [< TOP](#)
60. C Retailing is a business activity that involves selling products/services to customers for their non-commercial, individual or family use. [< TOP](#)
61. D Methods like marketing effectiveness review, marketing audit and marketing excellence review help analyze the strategic performance of the company in the market. [< TOP](#)
62. D A general perception among marketers is that a price reduction or any other promotional deal will attract customers to try the product or service. [< TOP](#)
63. A Option (a) - Marketers' make an unethical choice of target markets by taking undue advantage of vulnerable groups such as children or disadvantaged groups or promote potentially harmful products, is the best reason for the mentioned criticism. [< TOP](#)
64. A Alex Knox, a young dentist, finds that he is not bringing in enough revenue to cover his expenses. He would like to schedule more patients, but he finds that in almost every time slot he is seeing an existing patient. Alex's problems with expanding his practice deal with the aspect of service called inseparability. [< TOP](#)
65. D Statement (III) is not a benefit of advertising. [< TOP](#)
66. E Organizations can maintain status quo as their pricing objective. Firms adopt a status quo approach to pricing to maintain a certain level of stability in its prices or to maintain the market share. Maintaining status quo helps the company to reduce potential threats in the form of competition by stabilizing the demand for the company's products. [< TOP](#)
67. A Retailing based on ownership primarily includes independent retailers, where a retailer owns only a single retail unit. [< TOP](#)
68. D Unaided recall is a means of evaluating the effectiveness of a company's advertising where selected respondents from the target market are asked to bring to mind advertisements they have seen or heard recently. (c) Aided recall is a method of post-testing the effectiveness of an advertisement where respondents are shown products, brand names, trademarks, etc to assist their memories. The other options are irrelevant. [< TOP](#)
69. D The function of distribution warehousing is to act as a temporary port for transfer of goods from one location to another. Distribution warehouses do not stock goods for long periods of time, but only serve as a kind of stop gap arrangement, where the goods are stored for very short periods of time before they are dispatched to their respective locations. [< TOP](#)
70. C Companies go in for brand extension to leverage themselves on the opportunities that are present in the market. An upward extension is where a firm tries to introduce an existing brand to a high price segment than the one that it is serving currently. [< TOP](#)
71. A The providers of services with a high degree of tangibility can normally rely on export and import agents to manage the international service delivery without getting directly involved in the process. [< TOP](#)
72. B An administered marketing system possesses a high degree of inter-organizational management. They are similar to traditional channels in the sense that they are independently owned and operated. Two or more firms administrate the channel activities to improve business opportunities for other members. Firms with dominant market positions wield authority, command and cooperation from other channel members in terms of greater shelf space, displays, promotions etc. Hence, statements (III) and (IV) are not true about administered marketing systems. [< TOP](#)
73. E In zone pricing, marketers divide the target market into different zones depending on population density, transportation, infrastructure, shipping costs, etc. [< TOP](#)

74. D Licensing is a form of providing access to a patent or a trademark to some other company by charging a fee or royalty. This will facilitate the licensed company to leverage the value of these patents or trademarks and increase its business potential. [< TOP](#)
75. C Selling the fishes to a local agent would be the most suitable option for Radhakrishna. As Radhakrishna doesn't have the network nor enough quantity to sell directly outside the country or appointing an agent, he can sell it to a local agent who in turn source fishes from various farmers like that of Radhakrishna and export it to other countries. Selling directly in the local market or opening a retail outlet will not yield more profits. [< TOP](#)
76. E Jack gets a shopping list from his wife. On the list are a potted plant, fresh salmon, motor oil, bread, milk, and a birthday cake. To make just one stop to save time, Jack should go to a super market. [< TOP](#)
77. E The difficulty with effective sales promotion is the fact they can be easily duplicated is true. (a) The promotional mix contains seven elements. (b) Public relations is not free. (c) Public relation is another promotional element that provides immediate feedback. (d) Advertising is a promotional element, which does not create customized interaction. [< TOP](#)
78. C Rack jobbers not only provides transportation and delivers products to retailers, but also provides the service of placing products on retailers' shelves [< TOP](#)
79. C Statement II is not true because companies can use various parameters to screen ideas such as market size, technical capabilities, potential competition, etc. [< TOP](#)
80. B Business-to-Business services are purchased by organizations. [< TOP](#)
81. D Packaging can be a major part in formulating marketing strategies, as the most suitable and convenient packaging may give the product a competitive advantage. [< TOP](#)
82. D Lot size utility refers to the total number of units of a product that a customer acquires during a transaction period. [< TOP](#)
83. E Organizations undertake new product development initiatives to meet different objectives. According to Booz, Allen and Hamilton, a new product can be categorized as new to the world products, product line extensions and new product lines, improvement and revision of existing products and repositioning. [< TOP](#)
84. B Two- part pricing is normally followed in services in which a company charges a fixed price for an initial service and subsequent charges for over and above the minimum service consumed. [< TOP](#)
85. B When customers lack knowledge about the substitutes available for the product, they tend to be less price sensitive. This is known as substitute awareness effect. [< TOP](#)
86. D All marketing activities that attempt to stimulate quick buyer action or immediate sales of a product are known as sales promotion. [< TOP](#)
87. D Robert is generating potential sales leads since he is identifying the prospects by writing to him and then qualifying the prospects. [< TOP](#)
 Option (a) is not true because only after generating potential sales leads can Robert proceed to the presentation stage of personal selling.
 Option (b) is not true because only after having identified the leads can the salesperson make a sales call to the clients.
 Option (c) is not true since handling objections is done after the presentation stage
 Option (e) is not true since need satisfaction approach is a presentation approach.
88. E Nestle wants to expand its line of food products. The managers sent surveys to customers to determine which food items would appeal to customers. Nestle is currently in idea generation phase of new product development. [< TOP](#)
89. B Negotiation helps resolves channel conflict and cannot lead to a conflict. Negotiation is the process of having discussions between two conflicting parties in order to [< TOP](#)
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resolve the causes of conflict. Conflicts in marketing channels can be caused by differences in population to be covered, territory to be served, functions to be performed, and goals and objectives to be fulfilled. Conflicts also arise due to goal incompatibility and differing perceptions of reality.

90. D Economic and the production tasks relate to activities that are commercial or rather those that are aimed at the creation of wealth. Most of the companies refrain from unfair means if they want to achieve long term credibility in the market. Statement (II) relates to Maintenance tasks. Hence option (d) is the answer. [< TOP](#)
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91. D Legal, business and non-business relationships are possible between a franchiser and a franchisee. A legal relationship legally binds the franchiser and franchisee by means of a carefully drafted agreement. A business relationship between the franchiser and franchisee develops as a result of the day-to-day activities that take place between them. [< TOP](#)
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92. D The advantages of using industrial distributors are: [< TOP](#)
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- Industrial distributors possess considerable technical and market information.
 - Industrial distributors sell specific brands aggressively.
 - Industrial distributors acquire title to the products and take possession.
- Statement (II) i.e. Industrial distributors are less likely to handle bulky items or items that are slow sellers. Is a disadvantage. Hence option (d) is the answer.
93. C An advertising approach wherein the companies aim at retaining their customers by enhancing their resistance to withstand competitors appeal is referred to as **Inoculative advertising**. A company can highlight the weakness of a competitors precut to convince the customers that its product is superior to that of the competitor. [< TOP](#)
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94. B Trade mark is the portion of a brand that cannot be expressed verbally, such as a graphic design or symbol. [< TOP](#)
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95. C Emotional appeals attempt to stir up positive or negative emotions that can motivate purchase. (a) Moral appeals are directed to the audience's sense of what is right and proper, hence option (a) is incorrect. Alternative (b) is incorrect as Rational appeals engage self-interest; they claim the product will produce certain benefits. Informational and Transactional are real time appeals considered in advertising parlance. Hence options (d) & (e) are not applicable. [< TOP](#)
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96. D Location is extremely important to a retailer because location determines the trading area from which the store must draw its customers. [< TOP](#)
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97. B The first step of the objective-and-task method is establishing specific marketing objectives that need to be accomplished [< TOP](#)
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98. B Licensing is a form of providing access to a patent or a trademark to some other company by charging a fee or royalty. This will facilitate the licensed company to leverage the value of these patents or trademarks and increase its business potential. [< TOP](#)
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99. D Statement (III) is not associated with a successful Just-in-time program because the concept of 'Just-in-time' implies that raw materials are delivered in required quantities to the production plant as and when they are needed without any delay hence suppliers need to be located in close proximity of the company. [< TOP](#)
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100. A As Shelly looks over the literature for the new fax machine her firm is about to introduce, she calls in the author of the material. She asks why the document says materials are transmitted in under five seconds when the development specifications state that the machine takes ten seconds to transmit a page. She is told that marketing just wanted to stretch the truth a little to improve sales. This causes her to question moral principles of the people involved. [< TOP](#)
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