

Question Paper

Marketing Management – I (MB221) : April 2007

- Answer all questions.
- Marks are indicated against each question.

1. A company can widen its product mix by adding a new product line. Marriott Corporation, a premium player in the hospitality industry, introduced a chain of hotels called 'Holiday Inn' to cater to the needs of the not-so-affluent customers. Marriott adopted a ≤A
- (a) Trading down strategy
 - (b) Trading up strategy
 - (c) Repositioning strategy
 - (d) Product mix contraction strategy
 - (e) Product mix expansion strategy.
- (1 mark)**
2. Bata Shoe Company sells its manufactured products through its own chain of retail outlets. Which of the following marketing strategies does Bata employ? ≤A
- (a) Backward integration
 - (b) Forward integration
 - (c) Horizontal integration
 - (d) Diversified strategy
 - (e) Concentration.
- (1 mark)**
3. 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 he will injure himself on a skateboard and has said, "No." Which of the following sentences best describes the roles the individual family members played in making this decision? ≤A
- (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 only acted in two roles—purchaser and decision maker
 - (e) The mother took the role of gatekeeper when she stopped Sanjay from making the purchase.
- (1 mark)**
4. Consumers play various roles in a buying decision. Which of the following is/are **true** regarding the buying role of gatekeepers in organizational buying? ≤A
- I. They are people who control the flow of information into the organization.
 - II. They are responsible for following the policies and procedures of the purchasing process stipulated by the organization.
 - III. Employees such as telephone operators and receptionists are potential gatekeepers of an organization.
- (a) Only (I) above
 - (b) Only (III) above
 - (c) Both (I) and (II) above
 - (d) Both (I) and (III) above
 - (e) All (I), (II) and (III) above.
- (1 mark)**
5. Which of the following refers to the optimum sales volume that can be reached where any further increase in marketing efforts will not have any significant impact in further increasing the sales in the given environment? ≤A
- (a) Company demand

- (b) Company sales forecast
- (c) Market potential
- (d) Current demand estimation
- (e) Future demand estimation.

(1 mark)

6. In many companies employees are given more autonomy and encouraged to take the initiative, and multidisciplinary teams and team work are encouraged widely. This refers to ≤A

- (a) Benchmarking
- (b) Decentralization
- (c) Outsourcing
- (d) Reengineering
- (e) Customization.

(1 mark)

7. Having difficulty imagining tomorrow's products that haven't even been invented yet reflects which aspect of the technological environment? ≤A

- I. The fast pace of technological change.
- II. High R&D budgets.
- III. Concentration on minor improvements.
- IV. Increased regulation.

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

(1 mark)

8. While analyzing competition, a firm must assess the reaction patterns of its competitors. Which of the following is a type of competitor who may or may not respond to the strategies of his competitors? ≤A

- (a) Selective competitor
- (b) Slow reactor
- (c) Tough competitor
- (d) Unpredictable competitor
- (e) Form competitor.

(1 mark)

9. Caterpillar, the world's largest manufacturer of earth-moving equipment, researches the benefits that a typical construction company wants when it buys earth-moving equipment. The buyers' list of wants includes high quality durable equipment, fair price, on-time delivery, good financing terms, and good parts and services. Caterpillar's list of wants includes good price for equipment, on-time payment, and good word of mouth. Which of the following may be **incorrect** in the event of an exchange between Caterpillar and its buyers? ≤A

- (a) To plan its offering Caterpillar should consider all items on the buyers' wants list to be equally important to the buyers
- (b) If there is sufficient overlap between the wants lists of both Caterpillar and its buyers, a basis for transaction exists
- (c) Caterpillar's task is to formulate an offer that motivates the construction company to buy Caterpillar equipment
- (d) The process of negotiation would lead to mutually acceptable terms or a decision not to transact
- (e) Wants list may vary from buyer to buyer.

(2 marks)

10. Which of the following strategies involves the launching of a product at a lower price and with heavy promotion? ≤A

- (a) Rapid skimming
- (b) Rapid penetration
- (c) Slow skimming

- (d) Slow penetration
- (e) Medium penetration.

(1 mark)

11. Among industrial products, large tools and machines used for production of goods or for providing services for a considerable length of time are classified as ≤A

- (a) Capital equipment
- (b) Accessory equipment
- (c) Component parts
- (d) Raw materials
- (e) Consumable supplies.

(1 mark)

12. If a person tends to shop only at “Lifestyle” outlets all the time, irrespective of the service quality delivered, then he/she can be categorized as ≤A

- (a) Soft-core loyal
- (b) Shifting loyal
- (c) Switcher
- (d) Stretcher
- (e) Hard-core loyal.

(1 mark)

13. Mohan wants to buy a refrigerator and he has checked out a few brands such as LG, Kelvinator, etc. and is contemplating which brand to buy. Which stage of the buying decision process is Mohan in? ≤A

- (a) Information Search
- (b) Purchase decision
- (c) Evaluation of alternatives
- (d) Problem recognition
- (e) Post purchase analysis.

(1 mark)

14. When Steve goes to the grocery store every other week, he buys the same brands of coffee, milk, cereal, and dog food. This type of buying behaviour is called ≤A

- (a) Routine response behavior
- (b) Extensive problem solving behavior
- (c) Limited decision making behavior
- (d) Specialty shopping behavior
- (e) Variety seeking behavior.

(1 mark)

15. The marketing decision support system is a component of the marketing information system (MKIS). Which of the following techniques of marketing decision support system analyzes the different ranks given by the respondents for each of the product attributes shown to them? ≤A

- (a) Cluster analysis
- (b) Discriminant analysis
- (c) Factor analysis
- (d) Conjoint analysis
- (e) Multidimensional scaling.

(1 mark)

16. The expansion of the definition of marketing to include non-business activities adds which one of the following examples to the field of marketing? ≤A

- (a) Proctor and Gamble selling toothpaste
- (b) St. Pauls Church attracting new members
- (c) Cox and King promoting the concept of spending holidays at their concerned hotels at different countries
- (d) Lever's donating 25 pence to a charity with every pack purchased
- (e) Glaxo Smithkline acquisition of Viva and Maltova from Jagjit industries.

(1 mark)

17. Producers of clothing sell similar products, for example blue jeans, but the brand name, color, quality, style, etc. of one pair of jeans may be perceived as more desirable than another, thus allowing room for much differentiation and the producer charging a higher price. This is an example of

<A

- (a) Oligopoly
- (b) Monopoly
- (c) Monopolistic competition
- (d) Pure competition
- (e) Imperfect competition.

(1 mark)

18. The Sri Lankan government requested bids to build a cement factory near Colombo. An U.S. firm made a proposal that included choosing the site, designing the cement factory, hiring the construction crews, assembling the materials and equipment and turning over the finished factory to the Sri Lankan government. A Japanese firm, in outlining its proposal, included all of these services, plus hiring and training the workers to run the factory, exporting the cement through its trading companies, and using the cement to build roads and new office buildings in Colombo. Although the Japanese proposal involved more money, they won the contract. Which of the following reasons best explains why the Japanese won the contract?

<A

- (a) The Japanese viewed the problem just as one of building a cement factory
- (b) The Japanese proposal was more beneficial than the U.S. proposal
- (c) The Japanese followed a true systems selling approach by taking at the broadest view of customer's needs
- (d) In general, the Japanese have a reputation for quality; therefore, this won them the contract
- (e) The Japanese were better equipped to complete the project.

(2 marks)

19. Edco Ltd. is preparing a written document specifying the framework and actions for implementing and controlling marketing activities. This document is called the

<A

- (a) Profit plan
- (b) Business mission statement
- (c) SWOT analysis
- (d) Resource allocation plan
- (e) Marketing plan.

(1 mark)

20. Corporate giants such as Tata, Birla and AT&T formed a group called Batata, offering telecom services in India. This grouping can be referred to as

<A

- (a) Ancillary unit
- (b) Diversified division
- (c) Strategic business unit
- (d) Strategic alliance
- (e) Acquisition.

(1 mark)

21. There are four levels of segmentation - segment marketing, individual marketing, niche marketing and local marketing. Which of the following statements is/are **not true** regarding niche marketing?

<A

- I. It is the marketer's effort to position their product in smaller markets that have similar attributes.
- II. A niche is a small segment of the market that has some specific unsatisfied needs.
- III. It is the extreme level of segmentation.

- (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.

(1 mark)

<A

22. Firms generally face a threat from new entrants in an industry in which the entry and exit of new players are free. 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 would **not** be an entry barrier?
- (a) Economies of scale
 - (b) High capital requirements
 - (c) Relative price performance of substitutes
 - (d) Proprietary products
 - (e) Learning curve.
- (1 mark)**
23. Pankaj's purchase behavior is influenced by his hobbies of antique firearms, working out, and computers; his interest in scuba diving, music, and swimming; and his deeply held political and cause related opinions. All of these are part of the personal influence factor called ≤A
- (a) Lifestyle
 - (b) Personality
 - (c) Beliefs
 - (d) Attitude
 - (e) Values.
- (1 mark)**
24. A firm forecasts its sales and develops its production schedule accordingly and then orders the goods according to its production schedule and helps company buy appropriate quantity of raw material. This technique is called ≤A
- (a) Just in time
 - (b) Reverse marketing
 - (c) Material requirement planning
 - (d) Performance review
 - (e) Approvers.
- (1 mark)**
25. Data can be collected from two sources – primary and secondary. Mail interviews constitute one of the methods of primary data collection. Which of the following are **true** regarding mail interviews? ≤A
- I. Mail interviews are a relatively low cost method.
 - II. Respondents in a mail interview can remain anonymous.
 - III. Respondents can respond to the questionnaire at their own convenience.
 - IV. The response rate is high for mail interviews.
- (a) Both (I) and (II) above
 - (b) Both (II) and (III) above
 - (c) (I), (II) and (III) above
 - (d) (II), (III) and (IV) above
 - (e) All (I), (II), (III) and (IV) above.
- (1 mark)**
26. eBay is the world's largest person-to-person online trading community. It offers one-to-one trading format in an auction format on the web. Individuals can trade in thousands of categories: paintings, stamps, coins, toys, dolls, etc. Each day over 400,000 new items are offered and more than 3.5 million auctions are in progress. Which of the following would be the primary advantage for eBay in extending its business online? ≤A
- (a) eBay has the option of turning its website into a sales as well as an information channel
 - (b) eBay can meet customer needs better
 - (c) eBay can send trade related auctions' advertisements to customers
 - (d) eBay can speed up internal communication
 - (e) eBay can collect fuller and richer information about customers, prospects and competitors.
- (2 marks)**
27. A focus on the urgency for delivery or service as the basis for segmenting business markets is an example of segmentation by ≤A

- (a) Demographics
- (b) Operating variables
- (c) Purchasing approaches
- (d) Situational factors
- (e) Personal characteristics.

(1 mark)

28. Seagram Co., which markets alcoholic beverages, acquired Coor Corp, which produces movies and television shows and owns publishing houses, theme parks, and movie theatres. What type of growth strategy does this acquisition represent? ≤A

- (a) Conglomerate diversification
- (b) Horizontal integration
- (c) Concentric diversification
- (d) Forward integration
- (e) Horizontal diversification.

(1 mark)

29. The strategy of choosing one attribute to excel at, to create competitive advantage is known as ≤A

- (a) Unique selling proposition
- (b) Underpositioning
- (c) Overpositioning
- (d) Confused positioning
- (e) Repositioning.

(1 mark)

30. A company which aims at achieving its objectives, making profits and outperforming its competitors in the long run must satisfy a few of its components. Which one of the following is **not** an internal business component that influences the performance of business? ≤A

- (a) Processes
- (b) Resources
- (c) Stakeholders
- (d) Government legislation
- (e) Organization.

(1 mark)

31. The evolution of marketing has seen various eras'. The marketing era gave rise to the 'marketing concept'. Which of the following is/are the beliefs around which the marketing concept revolves? ≤A

- I. The company's planning and operations are customer-oriented.
- II. The goals of the company should be profitable sales volume and not just volume.
- III. All marketing activities should be coordinated effectively.

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

(1 mark)

32. Which of the following represents the most important reason why firms monitor their demographic environment? ≤A

- (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 lifestyles of individuals in a society.

(1 mark)

33. Which of the following statements about consumer involvement in the product purchase decision process is **true**? ≤A

- (a) Routinized buying behavior involves impulse buying
- (b) Extended problem solving is more likely to be used when purchasing low-involvement products
- (c) A consumer making a low involvement purchase will typically consider many sellers
- (d) There will be no external information sources consulted when making a high involvement purchase
- (e) Minimal time will be spent searching for a low-involvement product.

(1 mark)

34. Arjun is the dealer for Maruthi cars. He is very much worried about his business because sales of Maruthi cars have declined considerably. He has seen in the news channels that unemployment is up, consumer spending is down and consumer income is also down. So, Arjun was afraid that the present situation will affect his business. Which of the following would be a **correct** reflection of the situation Arjun is facing? <A

- (a) The car industry is in great trouble
- (b) The customers are not willing to spend
- (c) Employee efficiency and morale are on the decline
- (d) The country is in recession
- (e) The company is likely to cut down the profit margin it offers Arjun.

(2 marks)

35. Amongst the techniques for primary data collection, which of the following include formal sets of questions prepared to collect the required information? <A

- (a) Sampling
- (b) Mail interviews
- (c) Observation
- (d) Questionnaires
- (e) Telephonic interviews.

(1 mark)

36. 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 <A

- (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.

(2 marks)

37. Industrial market in India can be classified into three sectors. Two of them include chemical and pharmaceuticals, and energy and natural resources. Identify the third sector. <A

- (a) Industrial and automotive sector
- (b) Industrial and alloys
- (c) Industrial and carbon black
- (d) Industrial and technology
- (e) Industrial and genetics.

(1 mark)

38. Which of the following information is generated in response to an explicit appeal by the marketing department and includes information pertaining to market share, competitors, level of customer satisfaction, etc? <A

- (a) Monitoring information
- (b) Requested information
- (c) Processing information
- (d) Recurrent information
- (e) Selective information.

(1 mark)

<A

39. The baking products division of Basic Foods, Inc. is the market leader in a mature and low-growth market. The baking products division generates more dollars than is required in order to maintain market share. In BCG matrix terms the baking products division can be referred to as Basic Food's
- (a) Problem child
 - (b) Cash cow
 - (c) Star
 - (d) Dog
 - (e) Cat.
- (1 mark)
40. BeautyCure is in the business of manufacturing perfumed toilet soaps. The company launched its soaps in different fragrances such as rose, jasmine, sandal etc. The company reaped good success and subsequently it wanted to enter the perfume market. Prior to taking this move, the company decided to gather information regarding the popularity of its brand name and consumer tastes and preferences. The company had some marketing research budget but it was not adequate to hire an external agency. Therefore it decided to use its own qualified and experienced personnel. Under these circumstances which of the following is the **best** way for BeautyCure to gather information?
- (a) Sending mails to the target segment and asking them about their tastes and preferences
 - (b) Interviewing the targeted segment about their tastes and preferences through telephones
 - (c) Conducting personal interviews in shops and big malls
 - (d) Using their personnel to observe customers in relevant stores and malls
 - (e) Conducting a survey by using questionnaires.
- (2 marks)
41. In its portfolio of business subsidiaries, Lepakshi's craft shop has three units that are showing rapid growth but have a low market share. Apparently, everything about these units demands more and more additional cash. In the Boston Consulting Group's portfolio matrix, these units would be classified as
- (a) Dogs
 - (b) Cash cows
 - (c) Question marks
 - (d) Stars
 - (e) Cats.
- (1 mark)
42. When Procter & Gamble introduced Pampers disposable diapers into Japan, it used basically the same pricing strategy as it used in the United States. P&G did not realize that the typical Japanese mother changes her baby about 14 times a day – twice as often as her US counterpart does. Thus, Pampers were too expensive for the Japanese market. P&G misunderstood which environmental force in Japan?
- (a) Technological
 - (b) Economic
 - (c) Political/legal
 - (d) Socio-cultural
 - (e) Ethical.
- (1 mark)
43. Which of the following possible aspects of buying decisions is **least** likely to lead to an organizational buying decision?
- (a) Comparison of product performance with expectations
 - (b) Decision based on highest overall evaluation
 - (c) Alternatives evaluated on important criteria
 - (d) Information gathered from internal and external searches
 - (e) Problem recognition triggered by self-actualization motives.
- (1 mark)
44. BabyCenter.com's mission is to help mothers raise a healthy baby. Instead of simply setting itself up to sell baby products online, it has set itself up as a metamediary to provide a wide variety of information and services. Mothers will find helpful hints and checklists; a search engine for retrieving high-quality medical information; an opportunity to personalize the site; and access to a community of supportive fellow parents. Which of the following best explains the product level of BabyCenter.com?

- (a) BabyCenter.com provides customers the core benefit of baby care
- (b) BabyCenter.com offers an augmented product that exceeds customer expectations
- (c) BabyCenter.com represents the expected product as it offers attributes that buyers normally expect when they visit Babycenter.com
- (d) BabyCenter.com has successfully converted the core benefit into the basic product, which is - selling baby care products online
- (e) BabyCenter.com offers the potential product as it contains transformations the product or offering might undergo in the future.

(2 marks)

45. The appropriate selection of the media, its coverage and other factors like the product distribution facilities play a major role in a market in a way that the marketer can reach the target segment most effectively and at the minimum cost. These factors refer to which characteristic of effective segmentation? ≤A

- (a) Measurability
- (b) Substantiality
- (c) Accessibility
- (d) Differentiability
- (e) Actionability.

(1 mark)

46. Personal characteristics of purchasers constitute one of the criteria for segmenting organizational markets. Which of the following is/are **true** about the personal characteristics of the purchasers? ≤A

- I. Risk avoiders normally do not look for new suppliers.
- II. Some customers depend on their existing suppliers and are loyal to them.
- III. Purchase decisions in organizations are made by individuals and not by organizations.

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

(1 mark)

47. Which of following levels of a product include maximum possible improvements under given technological, economic and competitive conditions? ≤A

- (a) Core product
- (b) Generic product
- (c) Augmented product
- (d) Potential product
- (e) Expected product.

(1 mark)

48. Hindustan Lever Limited's (HLL) product lines include consumer goods, distributed by the same channels of distribution and are produced in similar manufacturing facilities. This best illustrates HLL's product mix ≤A

- (a) Width
- (b) Depth
- (c) Length
- (d) Volume
- (e) Consistency.

(1 mark)

49. Which of the following is **not** one of the seven parameters of 7-S model proposed by McKinsey for effective implementation of strategies by business firms? ≤A

- (a) Structure
- (b) Systems
- (c) Shared perception
- (d) Staff

(e) Skills.

(1 mark)

50. Munna jumps out of his jeep and runs into a FoodWorld store to buy a drink. While he is paying for his drink, he notices the chocolate bars at the counter and grabs one to buy. The chocolate bar in this case is considered to be a(n)

≤A

- (a) Specialty product
- (b) Unsought product
- (c) Convenience product
- (d) Shopping product
- (e) Industrial product.

(1 mark)

51. Rohit is three-years old and can consume limited variety of foods. His mother often fills his plate with one small helping of an item that he really likes and one small helping of an item he doesn't like. To get more macaroni and cheese, he must eat his green beans. In marketing terms, the macaroni and cheese is an example of a _____ because it is something he has learned to like.

≤A

- (a) Drive
- (b) Need
- (c) Predilection
- (d) Preference
- (e) Want.

(1 mark)

52. Which of the following deals with techniques for determining profitability at the market segment level, product level, distribution level and customer level?

≤A

- (a) Contribution analysis
- (b) Financial situational analysis
- (c) Value analysis
- (d) Marginal analysis
- (e) Customer profitability analysis.

(1 mark)

53. A glue manufacturer sells a set of interlocked products such as glue applicators and glue dryers along with glue. This is an example of

≤A

- (a) System selling
- (b) Major account management
- (c) Interactive selling
- (d) Wheel of retailing
- (e) Collective selling.

(1 mark)

54. In managing product lines, which of the following occurs when a company lengthens its product beyond its current range of products either in the down market, the up market or in both?

≤A

- (a) Line stretching
- (b) Line filling
- (c) Line pruning
- (d) Product-line modernization
- (e) Line depth.

(1 mark)

55. Which of the following is **not** a 'barrier to entry' based on Porter's five forces model?

≤A

- (a) Absolute cost advantage
- (b) Price performance of substitutes
- (c) Economies of scale
- (d) Capital requirements
- (e) Access to inputs.

(1 mark)

56. Repositioning is changing the positioning of a brand and can be done to achieve various objectives. Consider the following case: dishwasher in its initial stages was possibly seen as an exotic product. Thus, the Maharaja dishwasher was positioned as a product aimed at the upper crust. The positioning statement was “your guests get Swiss cheese, Italian Pizza.... you get stained glassware.” However this positioning did not click with the Indian customers as Indians are reluctant to use dishwashers because of deeply embedded cultural reasons. In order to appeal to the Indian housewife and for acceptability, the message had to be changed to “Bye, Bye Kanta Bai” indicating that the dishwasher signaled the end of the servant maid’s tyranny. Which of the following objectives did Maharaja fulfill through its repositioning? <A
- (a) Making the brand contemporary
 - (b) Differentiating Maharaja from other brands
 - (c) Increasing the dishwasher’s relevance to consumers
 - (d) Increasing the occasions for using the dishwasher
 - (e) Dealing with falling sales.
- (2 marks)**
57. Dividing markets by the degree of likelihood of repurchasing a brand would be an example of which type of behavioral segmentation? <A
- (a) Usage rate
 - (b) Loyalty status
 - (c) Benefits sought
 - (d) User status
 - (e) Occasion.
- (1 mark)**
58. In the strategic marketing process, a method of comparing the internal capabilities of an organization with the demands and challenges of its external environment is referred to as <A
- (a) SHOT analysis
 - (b) SWOT analysis
 - (c) Stakeholder analysis
 - (d) Shareholder analysis
 - (e) Market Research.
- (1 mark)**
59. Which of the following is **not** a component of a Marketing Information System? <A
- (a) Order to payment cycle
 - (b) Marketing decision support system
 - (c) Production monitoring system
 - (d) Sales reporting system
 - (e) Marketing intelligence system.
- (1 mark)**
60. Elena intends to buy her favorite brand of camera but her best friend persuades her to buy the lowest-priced one. Which of the following can be said to have influenced her purchase decision? <A
- (a) Secondary reference group
 - (b) The self-concept
 - (c) Informal group
 - (d) Competitor’s price
 - (e) Unexpected situational factors.
- (1 mark)**
61. Sonali recently changed employers within the same industry. At her old company, employees routinely took home company pens, pencils, and note pads, and they frequently made personal long-distance calls on company phones. Sonali observes that employees do not engage in such practices at her new company. What Sonali sees could best be described as a difference in <A
- (a) Corporate culture
 - (b) Profit objectives
 - (c) Significant others

- (d) Legal climate
- (e) Corporate goals.

(1 mark)

62. Which of the following occurs when the average cost per unit increases with an increase in production volume? ≤A

- (a) Marketing cost analysis
- (b) Customer profitability analysis
- (c) Financial situation analysis
- (d) Contribution analysis
- (e) Diseconomies of scale.

(1 mark)

63. Organizational markets can be segregated into producer markets, reseller markets, government markets and institutional markets. Which of the following features is/are **not true** regarding reseller markets? ≤A

- 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.

(1 mark)

64. A corporate mission statement is most important in communicating the following to an organization's employees ≤A

- (a) Profit targets of the organization
- (b) The core values of the organization
- (c) Management strategy
- (d) Blueprints for participation
- (e) Compensation plans.

(1 mark)

65. Which of the following factors, that formed the basis for service differentiation, refers to the comfort with which the customer can place the order for the product? ≤A

- (a) Delivery
- (b) Installation
- (c) Ordering ease
- (d) Guarantee
- (e) Disposal.

(1 mark)

66. A manufacturer of exercise equipment has set as its strategic goal to increase its market share by 5 percent during the next three years. During which of the phases of the strategic marketing process, will the company possibly learn whether it is moving in the right direction to achieve this goal? ≤A

- (a) Planning
- (b) Implementation
- (c) Control
- (d) Mission setting
- (e) SWOT analysis.

(1 mark)

67. Which of the following statements **best** describes the term 'depth of a product line'? ≤A

- (a) Every unique item in the store has its own stock keeping unit (SKU)
- (b) Every stage of the product life cycle is represented by specific products in the store
- (c) The total number of product lines a company carries

- (d) The retail establishment carries enough merchandise so it never has to worry about a stock out
 (e) The retailer carries a large assortment of each item.

(1 mark)

68. Heinz, a market leader in the ketchup market, allowed Hunt's to carry out its massive attack in the ketchup market without striking back. Hunt's attacked with two new flavors of ketchup; it lowered its price to 70 percent of Heinz's price, it offered heavy trade allowances to retailers; it raised its advertising budget to over twice the level of Heinz's. However, Hunt's strategy failed as the ketchup did not deliver the same quality as Heinz. Which of the following **best** describes Heinz's strategy? ≤A
- (a) Heinz was able to defend its market leader position as it knew that Hunt's product would not do well
 (b) Heinz protected its market leader position by defending its economic clout
 (c) Heinz defended its market leader position by planning an attack secretly without Hunt's knowing it
 (d) Heinz just got lucky that Hunt's ketchup did not do well
 (e) Heinz's was able to defend its market leader position by counting on its superior brand power, making the brand almost impregnable.

(2 marks)

69. A theme park operator considering setting up an operation in an overseas country, is most likely to begin its preliminary research by ≤A

- (a) Conducting secondary research, in its target market
 (b) Conducting primary research, in its target market
 (c) Conducting secondary research on the overseas market, at home
 (d) Conducting primary research on the overseas market, at home
 (e) Conducting primary research, both at home and in its target market.

(1 mark)

70. Reebok was the first store manufacturer to introduce a soft leather aerobic dance shoe in many colors. Which of the following strategies did Reebok implement? ≤A

- (a) Repositioning
 (b) Customization
 (c) Market aggregation
 (d) Product differentiation
 (e) Image differentiation.

(1 mark)

71. Relationships with customers can be built through various levels of interaction. Which of the following is the definition of proactive marketing? ≤A

- (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.

(1 mark)

72. Customers exhibit various types of buying behavior based on the nature of purchase that is to be made. Which of the following is/are **true** regarding variety seeking behavior? ≤A

- I. Consumers show a great amount of brand differentiation when buying a low involvement product.
 II. Consumers are not very brand conscious and often switch brands.
 III. Consumers evaluate the product during consumption.
 IV. Buyers shape attitudes based on beliefs developed about products.

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

(1 mark)

73. The total demand for many business goods is not greatly affected by price changes. This suggests that ≤A

demand in the short run, for most organizational products, is

- (a) Elastic
- (b) Inelastic
- (c) Derived
- (d) Fluctuating
- (e) Concentrated.

(1 mark)

74. Which of the following refers to the characteristics of the product that enable it to perform according to the expectations of customers needs? ≤A

- (a) Product form
- (b) Product design
- (c) Product features
- (d) Product quality
- (e) Product durability.

(1 mark)

75. NuvoMedia hopes that consumers will abandon the thousand-year old paper book concept and adopt an electronic gadget that displays books on a small LCD screen. E-books, as they're called, can be downloaded via the Internet instead of being bought at a bookstore counter, and then loaded into an e-book device, such as NuvoMedia's Rocket. NuvoMedia was much confident that it would bring a drastic change in the reading habits of the people of the United States. Every thing was set for the new product to be launched. The company knew that a small mistake in selecting the target right segment may lead to failure of the product. Which of the following would be the best substantial segment that NuvoMedia can target for its product 'Rocket'? ≤A

- (a) All students from technical background
- (b) The educated people between the age group 20-45
- (c) All the educated men in the country
- (d) Information Technology (IT) professionals
- (e) All the educated upper class.

(2 marks)

76. Bargaining power of suppliers is one of the elements of Porter's five forces model of competitive advantage. Which of the following is/are circumstance(s) when bargaining power of suppliers is high? ≤A

- 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 the supplier's industry depends on the buyers for a large percentage of its total orders.

- (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.

(1 mark)

77. Selecting market segmentation by attitude towards risk is an example of organizational market segmentation by ≤A

- (a) Personal characteristics
- (b) Operating variables
- (c) Purchasing approaches
- (d) Situational factors
- (e) Demographics.

(1 mark)

78. Consult-Me Inc., has been involved in several special meetings where issues such as business mission, situation analysis, market and growth alternatives, and implementation approaches have been discussed. Consult-Me is apparently engaged in ≤A

- (a) Value chain analysis

- (b) Segmenting
- (c) Strategic planning
- (d) Business analysis
- (e) Business process engineering.

(1 mark)

79. Sources of data can be primary and secondary. Which of the following is **not** a problem typically associated with secondary data? <A

- (a) It is too expensive to obtain
- (b) It may not be current
- (c) It may not exist
- (d) It may not be impartial
- (e) It may not be reliable.

(1 mark)

80. The Marketers of Procter & Gamble products define markets on the basis of both volume usage of the product and annual family income. This is an example of which market segmentation approach? <A

- (a) Geographic
- (b) Behavioral
- (c) Demographic
- (d) Benefit
- (e) Multi attribute.

(1 mark)

81. In the late 90's General Motors (GM) came up with an advertisement, which was targeted at boys of age 8 to 14. They gave a two page attractive advertisement in a magazine about Chevy Venture minivan. This was a newly developed car, which had a lot of space inside. The car was developed perfectly to attract children. It was the first time in the industry that a car manufacturer advertised targeting children. All the experts in the industry as well as competitors were surprised as well as confused by this move. Which of the following can best be cited as the **most** appropriate reason for GM to have made such a move? <A

- (a) The company was coming up with a car especially for child drivers
- (b) The company was planning to diversify its businesses in the toy industry
- (c) The market in which the company wanted to enter, children were the major customers of the cars
- (d) The company made this move as long term strategy; children will definitely prefer their cars when they grow up
- (e) The company wanted to target children, who have a major influence on their parents in the purchase of cars.

(2 marks)

82. Sanjana buys L'Oreal products because Diana Hayden endorses the product and she wants to be like her. In this case the reference group which is affecting Sanjana's buying behaviour is <A

- (a) Membership reference group
- (b) Aspirational reference group
- (c) Disclaimant reference group
- (d) Avoidance group
- (e) Secondary reference group.

(1 mark)

83. A business buyer is faced with a purchasing decision in which information requirements, risk and product cost all are high. Which of the following types of buying situations does the buyer likely face? <A

- (a) Straight rebuy
- (b) Modified rebuy
- (c) New task
- (d) Uphill task
- (e) Downhill task.

(1 mark)

84. PepsiCo is a large conglomerate that has separate subsidiaries called Pepsi-Cola (soft drinks), Tropicana <A

(juices), Pepsi Bottling, and Frito-Lay (snack foods). Each of these subsidiaries has its own functional departments, its own planning, its own financial goals, and its own target markets. These subsidiaries may also be called

- (a) Ancillary units
- (b) Diversified divisions
- (c) Strategic business units
- (d) Strategic alliances
- (e) Heterogeneous markets.

(1 mark)

85. Market targeting involves choosing to serve the needs of one or more segments. With respect to targeting, a firm with limited resources can compete with much larger organizations by

≤A

- (a) Concentrating its efforts on a single segment
- (b) Using a multi-segment targeting strategy
- (c) Using a geographical segmentation variable
- (d) Adopting market specialization
- (e) Concentrating its efforts on the total population.

(1 mark)

86. If a marketing researcher were to examine whether a person's personality is compulsive, gregarious, authoritarian, or ambitious, the researcher would be obtaining information that might allow for which of the following segmentation forms to take place?

≤A

- (a) Geographic segmentation
- (b) Demographic segmentation
- (c) Psychographic segmentation
- (d) Behavioral segmentation
- (e) Benefit segmentation.

(1 mark)

87. 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**?

≤A

- (a) Obtaining customers is the job of the 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.

(1 mark)

88. Matthew Jones was a manager responsible for ensuring his group of hotels realized the maximum revenues when receiving bookings for hotel rooms. An old regular client met him and said he needed bookings for some 20 rooms on a certain date. He demanded a hefty discount for old times' sake, too. Jones went back to his database, thought for a few moments and realized that he was expecting a larger requisition for a delegation of 200 people from CII, which was having a seminar at the same time in the city. But there wasn't any confirmation about the booking from them. If Jones gave away those 20 rooms, he would be 20 short and would lose the CII order, which will give him better revenues than his old regular client. Jones was in a difficult situation as he faced the risk of losing an old customer on one hand and attractive revenue on the other. In this regard, what would be the **best** business decision that Jones can take?

≤A

- (a) Giving first preference to the old client, accept his offer and book for him 20 rooms; this would be important for customer relationship management
- (b) Ignore the old client and focus on catering to CII as it would be unwise to lose out on such large revenue
- (c) On confirmation of CII order, allocate them 200 rooms and tie up the old customer with another hotel of the group
- (d) Adjust the available rooms between the old customer and CII by explaining the situation to both of them
- (e) Buy out other hotel nearest to the present one and then accommodate both of them and also satisfy the heavy demand.

(2 marks)

Suggested Answers

Marketing Management – I (MB221) : April 2007

1. Answer : (a)
Reason : Marketers who adopt a trading down strategy add low priced products to their already existing line of specialty products. (b) By adding a higher priced or prestige item to a product line, a manufacturer “trades up” in the hope of attracting customers for its lower-priced items as well. (c) Product repositioning is more a psychological exercise to play on the collective minds of the target group. (d) Sometimes firms eliminate products or product lines to thin out their product lines that contribute little to profits. (e) Product expansion necessitates adding new products to an existing product line or adding new product lines to an existing product mix.
2. Answer : (b)
Reason : Most firms adopt integration strategies for growth. Forward integration is a form of vertical integration that involves expanding a business so it directly distributes its products.
3. Answer : (c)
Reason : 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.
4. Answer : (d)
Reason : Buyers are responsible for following the policies and procedures of the purchasing process stipulated by the organization. Therefore statement II is not correct about gatekeepers.
5. Answer : (c)
Reason: If manager wants to get an idea of the market potential for both paging and related new service, he can use information such as number of current subscribers, telephone infrastructure, population, gross national product, income distribution, travel patterns and many. Market potential is optimum sales volume when increases in marketing efforts does not have any significance.
6. Answer : (b)
Reason : 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.
7. Answer : (a)
Reason : Today, technology guides the way we lead our lives. Advancement in technology has a direct impact on economic growth, and businesses that ignore or do not keep pace with technological advancement often fail to survive in the market.
8. Answer : (d)
Reason : Unpredictable competitor is a type of competitor who may or may not respond to the strategies of his competitors. (a) Selective competitor is a type of competitor who reacts to only certain types of strategies, perhaps to added product features or line extensions. (b) Slow reactor type of competitor reacts very slowly to the competition. (c) Tough competitor is a type of competitor who strongly retaliates to the slightest move of his competitors. ((e) Option is not relevant.
9. Answer : (a)
Reason : All items on the buyer’s list are not equally important but in fact the buyers may have a prioritized list of wants. The seller serving its most important want may be the best choice of supplier. Similarly Caterpillar would also negotiate in terms of how best it can offer what is most important to various buyers. Also since needs vary from one buyer to another, all items in the wants list may not be of equal importance.
10. Answer : (b)
Reason : Rapid penetration strategy demands the launching of a product at a lower price and with heavy promotion.
11. Answer : (a)
Reason : Capital equipment comprises of the large tools and machines that are used for the productions of goods or for providing services. (b) Accessories are those products that help in production or office activities. They do not become part of final product. (c) A component is a finished product or a product that needs

a little processing before becoming a part of the main product. (d) Raw material is the basic material used in producing a product. (e) Consumable supplies are products that are consumed during production and delivery of the product but they do not become part of the final product.

12. Answer : (e)

Reason : A hard core loyal is one who buys from a single service provider all the time irrespective of service quality delivery. (a) A soft-core loyal is one who buys from two or three service providers and has regard for quality. (b) A shifting loyal is one who shifts from one provider to another frequently and is highly quality conscious. (c) Consumers who show no loyalty to any brand are referred to as switchers. (d) No such concept as stretcher exists.

13. Answer : (c)

Reason : Evaluation of alternatives is done after the options are considered and information sought. (a) Information search is done after the problem has been recognized. (b) Evoked set is formed when the names of different brands come to customer's mind. (d) Problem recognition is the first step of buying process. (e) Post purchase analysis is shown only after the purchase has been made.

14. Answer : (a)

Reason : Routine response buying includes, frequently purchased, low cost items and needs very little search and decision effort. Examples include soft drinks, snack foods, milk etc.

(b) Extensive problem solving behavior or complex buying involves high involvement, unfamiliar, expensive and/or infrequently bought products. There is a high degree of economic, performance, psychological risk associated. Examples include cars, homes, computers, and education.

(c) Limited decision making buying involves occasional purchase. Requires a moderate amount of time for information gathering.

(d) Concept is not applicable. (e) Variety seeking behavior is impulse-shopping behavior. Brand switching is high in this case. Involvement is low.

15. Answer : (d)

Reason : Conjoint analysis analyzes the different ranks given by the respondents for each of the product attributes shown to them.

16. Answer : (b)

Reason : Marketing is as old as mankind. A place, an idea, an individual or even a cause can be marketed. Option (a) and (c) are examples of selling concept. Option (d) is a social welfare act and does not satisfy the core concept of marketing. Option (e) is an example of place utility.

17. Answer : (c)

Reason : 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.

18. Answer : (c)

Reason : The Japanese clearly viewed the problem not just as one of building a cement factory (a narrow view of systems selling) but as one of contributing to Sri Lanka's economic development. They took the broadest view of customer's needs. This is true systems selling. Options (a), (b), (d) and (e) do not contain adequate explanation for the given example.

19. Answer : (e)

Reason : A formal document that details marketing objectives, marketing situation analysis, marketing strategy, and the elements of marketing mix is known as marketing plan.

20. Answer : (d)

Reason : Corporate giants such as Tata, Birla and AT&T formed a group to form Batata, offering telecom services in India. This is referred to as Strategic alliance.

21. Answer : (b)

Reason : Individual marketing is the extreme level of segmentation in which marketers focus on individual customers.

22. Answer : (c)

Reason: 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.

23. Answer : (a)
Reason : A Lifestyle is a person's pattern of living as expressed in his or her activities, interests, and opinions (AIOs). Lifestyle is a rich descriptor of peoples' buying patterns.
(b) Personality is an individual's pattern of traits that influence behavioral responses.
(c) Beliefs are a consumer's subjective perception of how well a product or brand performs on different attributes.
(d) An attitude is a learned predisposition to respond to an object or class of objects in a consistently favorable or unfavorable way.
(e) Values represent a reflection of a person's needs adjusted for the realities of the world in which we live.
24. Answer : (c)
Reason : Material requirement planning helps in forecasting its sales and develops its production schedule.
25. Answer : (c)
Reason : Mail interviews are widely used for the collection of information, since the cost is relatively low. Respondents in a mail interview can be anonymous if they wish to. The advantage of the mail interview is that the respondent can respond to the questionnaire at his convenience. One of the biggest problems in mail interviews is the low response rate.
26. Answer : (a)
Reason : Option (a) is the answer. Extending a business online has many advantages for companies. However, in the context of eBay which is more like a facilitator of trade and auctions the best advantage is that the website serves as a sales and information channel.
27. Answer : (d)
Reason : Segmenting the organizational markets on the basis of situational factors involves order fulfillment, product application and size of the order. This includes delivery and service provided.
28. Answer : (a)
Reason : In conglomerate diversification strategy, the company tries to perform unrelated business activities. In the above case Seagram Co ventures into producing movies and television shows, it is adopting a conglomerate diversification strategy. (b) The expansion of a business by acquiring or developing businesses engaged in the same stage of marketing or distribution. The most common approach is to buy out competitors. It is also known as horizontal integration. (c) 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. (d) If a company plans to start its own distribution network, then it is adopting forward integration. (e) 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.
29. Answer : (a)
Reason : The strategy of choosing one attribute to excel at to create competitive advantage is known as unique selling proposition.
30. Answer : (d)
Reason: Government legislation is not an internal business component that influences the performance of business.
31. Answer : (e)
Reason : The marketing concept is based on the belief that the company's planning and operations are customer-oriented, the goals of the company should be profitable sales volume and not just volume and all marketing activities should be coordinated effectively.
32. Answer : (c)
Reason: 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 - e.g. how large will the segment of 85+ people be in 2010?
33. Answer : (e)

Reason : When customers buy low-cost, regularly purchased/routine products, they do not make significant efforts to gather much information about the product. Instead they choose the brand, which they are familiar with or have been choosing for a long time. Purchase decision in such cases is quick. Therefore, customer involvement in such purchase decisions is low.

34. Answer : (d)

Reason : In this situation, Arjun is thinking that the country is in recession. In recession state generally, jobs are slashed and consequently the willingness of people to spend money decreases considerably. Customers' buying decisions depend more on price because they are apprehensive about the future economic conditions.

35. Answer : (d)

Reason : Questionnaires are formal sets of questions prepared to collect the required information.

36. Answer : (a)

Reason : 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.

37. Answer : (a)

Reason : The industrial sector is normally associated with the infrastructure development in the country. The Indian automotive sector, over the years has changed in to highly competitive industry. The presence of a large number of competitors in the industrial and automotive sector is making manufacturers seek ways to reduce costs at all levels. All other options are irrelevant answers.

38. Answer : (b)

Reason : Requested information is generated in response to an explicit appeal by the marketing department and includes information pertaining to market share, competitors, level of customer satisfaction, etc.

39. Answer : (b)

Reason: Cash cows are dominant share of slow growth market enables a SBU to generate large amounts of cash to be used for company overhead and investment in other SBU. (a) Question Marks/Problem Child (also called a "Problem Child") are high growth, low share businesses. A question mark requires a lot of cash both to keep up with a rapidly growing market and improve its share position. Strategy must decide between further investment to move question marks to star status (differential advantage) or to phase out the product. (c) Stars are high growth, high share businesses. They are the market leaders in fast-growth markets and often require heavy investment to build and/or maintain share in rapidly expanding markets. The strategy is to build or even maintain or hold its position as long as possible. (d) Dogs are often targets for divestment, but may still be profitable and/or contribute to other organizational goals. (e) No such concept exists.

40. Answer : (e)

Reason : The best way in which BeautyCure can gather information is conducting a survey by using questionnaires. Questionnaire method is the best way to gather information since it provides quality data and is less costly compared to personal interviews. As the company has experienced and qualified personnel, this is the best option. As the market for mass product like perfume is very huge, telephonic interviews and mail interviews are not preferable. Personal interviews are very costlier and also the possibility for respondent being reluctant to share the essential information or giving false answers is very high. Using their personnel to observe customers in relevant stores and malls is not appropriate since it cannot provide the adequate information regarding consumer tastes and preferences of the brand.

41. Answer : (c)

Reason : Question Marks are high growth, low share businesses. A question mark requires a lot of cash both to keep up with a rapidly growing market and improve its share position. Strategy must decide between further investment to move question marks to star status (differential advantage) or to phase out the product. (a) Dogs are often targets for divestment, as they have a low market share and operate in low growth markets. (b) Cash Cows are highly profitable businesses that have a relatively high market share and operate in low growth markets. Cash from these units is reinvested in other operations/units. (d) Stars are high growth, high share businesses. They are the market leaders in fast-growth markets and often require heavy investment to build and/or maintain share in rapidly expanding markets. (e) There is no such concept as cats in the BCG matrix.

42. Answer : (d)
Reason : Socio-cultural forces refer to attitudes, beliefs, norms, values and lifestyles of individuals in a society. In this case, P&G misunderstood the lifestyle of the Japanese.
43. Answer : (e)
Reason : The five stages of decision-making are problem recognition, information search, evaluation of alternatives, purchase decision and post purchase behavior. The process of buying starts when a person realizes that he has a problem or an unsatisfied need. Self-actualization needs are an individual's need to realize his full potential through continuous growth and self-development. Hence problem recognition triggered by self-actualization motives is least likely to lead to an organizational buying decision.
44. Answer : (b)
Reason : BabyCenter.com offers an augmented product that exceeds customer expectations. It has gone beyond offering baby products online to providing services such baby care information and services, helpful hints and checklists; a search engine for retrieving high-quality medical information; an opportunity to personalize the site; and access to a community of supportive fellow parents. All this is beyond customer expectations. Hence, the product is an augmented product. It is much beyond the core product; hence, option (a) is not the answer. It is also beyond what customers normally expect to get; hence, option (c) is also not the answer. Similarly, option (d) is not the answer as Baby Center is not limited to just sell baby care products online. Finally, option (e) is not the answer as there could be more added services or ideas that BabyCenter.com can be converted into and the given information does not support the fact that Baby Center represents all future transformations that the product can undergo. In the light of the above, option (b) is the answer.
45. Answer : (c)
Reason: The segment of the market that a marketer is trying to target should be accessible. 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.
46. Answer : (e)
Reason : All the statements are the personal characteristics of the purchasers.
47. Answer : (d)
Reason : Potential products are the products that include all the improvements that are possible under given technological, economic and competitive conditions. The potential product helps in attracting and retaining customers. (a) A core benefit is the fundamental service or benefit that the customer is really buying. (b) Generic product is the basic unbranded product without any differentiation. (c) Augmented product is that which exceeds customer expectations. (e) Expected product includes features that a customer finds essential to make a purchase.
48. Answer : (e)
Reason : Consistency refers to the closeness exhibited by the products lines in production requirements, distribution, end usage, etc. (a) Product width is the total number of product lines a company carries. (b) The depth of a product mix is the assortment of sizes, colors and variations offered for each product in the product line. (c) The length of the product mix is the total number of items in that mix. (d) Option is not applicable.
49. Answer : (c)
Reason : The 7-S model proposed by McKinsey for effective implementation of strategies by business firms has seven parameters such as structure, systems, skills, style, staff, strategy and super ordinate goals.
50. Answer : (c)
Reason : Convenience products are bought frequently, immediately, and with a minimum of comparison and buying effort (groceries). The lack of forethought that went into this purchase made it a convenience product. (a) Specialty products are unique in some way and substitutes are not accepted (expensive automobiles). (b) Unsought products are those not normally thought of either because consumers don't want to think of them (burial insurance) or consumers are unaware of them (a telephone number allowing you to check your email messages. (d) Shopping products are less frequently purchased and are carefully compared on suitability, quality, price, and style (clothing). (e) Concept is irrelevant.
51. Answer : (e)
Reason : A want is a learned preference for a specific item that satisfies that consumer need.
52. Answer : (a)

Reason : 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.

53. Answer : (a)

Reason : A glue manufacturer selling a set of interlocked products such as glue applicators and glue dryers along with glue is an example of systems selling. System selling is a marketing tool that can take two different forms. One, a manufacturer may sell a set of interlocking products (which is likely to involve participation with original equipment manufacturer or subcontractors). Two, the seller may sell a system of production, inventory control, distribution, or other services to satisfy the buyer's need for a smooth running operation. Option (b) is incorrect as major account management refers to increasing sales and developing long-term relationships with major customers of the organization. Option (c) is incorrect as interactive selling is a non-store retailing method. Option (d) is incorrect as wheel of retailing refers to evolutionary changes in retailing. Option (e) is not relevant.

54. Answer : (a)

Reason : Line stretching occurs when a company lengthens its product beyond its current range of products offered to consumers

55. Answer : (b)

Reason : Price performance of substitutes is considered under the force of 'threat of substitutes'. Options (a), (c), (d) and (e) are entry barriers.

56. Answer : (c)

Reason : Maharaja dishwasher was not accepted by the Indian consumer as it was not felt suitable to the Indian lifestyle. So, Maharaja dishwasher wanted to increase the relevance to consumer. The Maharaja dishwasher was initially targeted upperclass only but later it repositioned itself to every Indian housewife. It changed its advertisement by targeting that there is no need of any maidservants for washing dishes. The brand, therefore, was repositioned from a sophisticated, aristocratic product to one that is functional and relevant to the Indian housewife.

57. Answer : (b)

Reason : Segmentation by loyalty status refers to the repurchase of a kind due to various levels of allegiance a customer exhibits.

58. Answer : (b)

Reason : SWOT analysis (standing for Strengths, Weaknesses, Opportunities, Threats) is a widely used method of comparing the internal capabilities of an organization with the demands and challenges of its external environment.

59. Answer : (c)

Reason : A production monitoring system may form part of a broader management information system, and this may have relevance to marketing (e.g. in respect of future ability to fulfill orders). It is not, however, in itself generally considered to be a part of a firm's marketing information system. All other options are components of marketing information system.

60. Answer : (c)

Reason : Friends are an important social group that influences the buying behavior of the individual. A friendship group is an informal and unstructured group that influences buying decisions.

61. Answer : (a)

Reason : Organization or corporate culture refers to the values, norms, artifacts, assumptions, practices etc. of an organization, its employees and their behavior.

62. Answer : (e)

Reason : Diseconomies of scale occurs when the average cost increases with an increase in production volume.

63. Answer : (a)

Reason : Resellers buy products on the basis of logical approach rather than by following a psychological or instinctive purchase pattern.

64. Answer : (b)

Reason : Mission statements are essentially about core values rather than details of how this mission is to be achieved.

65. Answer : (c)

Reason : Ordering ease refers to the comfort with which the customer can place the order for the product.

66. Answer : (c)
Reason : Control mechanisms help companies make sure that the strategic implementation is moving in the right direction. The process of controlling aims at correcting or controlling the activities that are deviating from the planned track, thereby learning whether the goal is achieved or not.
67. Answer : (e)
Reason : Product line depth is the assortment of sizes, colors and variations offered for each product in the product line. The retailer carries a large assortment of each item is the best example of depth of the product line in the given alternatives.
68. Answer : (e)
Reason : A market leader can adopt defense strategies to protect against attacks from competitors. Heinz adopted the position defense strategy where it was able to defend its market leader position of superior brand power, making the brand almost impregnable.
69. Answer : (c)
Reason : Secondary research at home is the cheapest and quickest means of establishing whether it is worth pursuing development in an overseas market. If good evidence is found at this stage, the theme park operator will seek more specific information, including primary data collection.
70. Answer : (d)
Reason : Products can be differentiated based on their form i.e. size, shape and other physical attributes of the product. Therefore, Reebok introducing a soft leather dance shoe in many colors is a product differentiation strategy.
71. Answer : (d)
Reason : Proactive marketing is where the sales person contacts the customer from time to time with suggestions about product usage. (a) In basic marketing, a sales person sells the product but does not contact the customer again. (b) In reactive marketing, a sales person sells the product and encourages the customer to call if he has any complaints. (c) In accountable marketing, a sales person calls the customer after a small time period to check whether customer is satisfied with the product. (d) In partnership marketing, companies work in tandem with their customers to provide better services.
72. Answer : (d)
Reason : Buyers shape attitudes based on beliefs developed about products is a characteristic of extensive problem solving buying behavior.
73. Answer : (b)
Reason : The total demand for many business goods is inelastic, meaning it is not affected by price changes, particularly in the short run, because it is difficult to find substitute goods in organizational markets.
74. Answer : (d)
Reason : Product quality refers to the characteristics of the product that enable it to perform according to the expectations of customers needs.
75. Answer : (b)
Reason : NuvoMedia can target the educated people between the age group 20-45 for its success in the market. This is best option because it covers maximum number of possible customers for NuvoMedia. Hence option (b) is the best option.
Option (a) does not cover more number of students as it is confined to only students from technical background. Other students from non-technical background may also be the prospects.
Option (c) does not cover more number of people as it is confined to only educated men whereas educated women might also show interest in it.
Option (d) does not cover more people as the product is no way concerned with any particular profession.
Option (e) is not true as people from low income group may not afford it.
76. Answer : (c)
Reason : Suppliers are powerful under the following circumstances:
When no single industry is a major customer for the suppliers.
When the product they sell has few substitutes and is important to the purchasing company or buyer.
When the supplier's industry depends on the buyers for a large percentage of its total orders is a circumstance in which the bargaining power of buyers will be higher.

77. Answer : (a)
Reason : Individuals and not the organizations make purchase decisions in organizations, although the philosophies and procedures of the organizations provide them with a framework and restrict the purchasing patterns. The risk taking and risk averting nature of a buyer is another criterion that has to be looked into for serving them.
78. Answer : (c)
Reason : Strategic planning is the process of developing and analyzing the organization's mission, overall goals, general strategies, and allocating resources. The strategic planning process is carried out at the corporate level, business level, and product level. It begins with an analysis of the organization's current strategic posture, but strategic planning focuses on the future.
79. Answer : (a)
Reason : Secondary data is cheaper to obtain as it is readily available. Therefore, it is not a problem associated with secondary data.
80. Answer : (e)
Reason: The market segmentation is no longer limited to just some of the variables but is focused on several attributes of the segments to identify potential customers. Here usage of product (benefit segmentation) and annual income (demographic segmentation) are combined to reflect multi attribute segmentation.
81. Answer : (e)
Reason : In this situation the most appropriate reason for GM to advertise their car keeping in mind the children is that, the children plays an important role to influence parents in the purchase of car. In this situation the children plays the role of influencers. All the other options do not suit the situation.
82. Answer : (b)
Reason : Aspirational group is one to which the individual is not a member but aspires to be in that group. (a) Membership reference group is the group to which a person holds membership and has frequent interaction with other members of the group. (c) Group to which individual does not hold any membership. (d) Includes religious groups, professional associations and trade unions with which the interaction of customer is formal and infrequent. (e) Secondary reference group includes religious groups, professional groups, trade unions etc.
83. Answer : (c)
Reason : A new task situation is where a business buyer is faced with a purchasing decision in which information requirements, risk and product cost are all high due to the first time purchase. (a) Straight rebuy is a routine buying situation, hence risk and information requirements are very low. (b) Modified rebuy is a buying situation where a business buyer is faced with a purchasing decision in which information requirements, risk, and product cost are moderate. Options (d) and (e) are not applicable.
84. Answer : (c)
Reason : When a firm has several different businesses, it often organizes them into single groupings of related businesses called strategic business units (SBU). They are defined in terms of customer groups, customer needs, and technology. SBUs consist of separate units of the company that can be planned independently from other company businesses. Thus, to be identified as an SBU, an entity should be a separately identifiable business, have a distinct mission, have its own competitors, and have its own executive group with profit responsibility. Strategic alliances - cooperate for the purpose of achieving common goals such as competitive advantage or customer value creation.
85. Answer : (a)
Reason : 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.
86. Answer : (c)
Reason : Psychographic segmentation helps marketers understand buyer behavior better and design communication programs, which will appeal to the target audience. It includes personality factors of individuals. Psychographics seeks to describe the human characteristics of consumers that may have bearing on their response to products, packaging, advertising and public relations efforts. Such variables may span a spectrum from self-concept and *lifestyle* to attitudes, interests and opinions, as well as perceptions of product attributes.
87. Answer : (a)

Reason : Obtaining customers is the job of all the departments of an organization including marketing or sales department.

88. Answer : (c)

Reason : The best strategy decision, in this case would be one that focuses on revenues as well as maintains old customer relations. Option (c) satisfies both objectives.

Option (a), there would be revenue loss, in which case maintaining customer relation management would not be of value, especially since option (c) is also possible.

Option (b) the objective would be maximizing revenue and customer relation management is not taken care of, again as option (c) is another available alternative.

Option (d) and Option (e) are also not viable.

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