

Question Paper

Marketing Management - I (MB221): April 2008

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

1. Pepsi Co., paid \$3.3 billion for juice giant Tropicana, which has 42% of the orange juice market. Tropicana armed Pepsi with a powerful new weapon for the war against Coca-Cola, which has only 24% of the orange juice market with its own Minute Maid. Pepsi Co., added the dominant player in the sports beverages category to its roster in 2000, when it outbid Coca-Cola and Dannon to buy Quaker Oats owners of the Gatorade brand, for \$14 billion. Gatorade, which boasts over an 80 percent share of the sports drink market, gives Pepsi Co., another non-soft drink advantage over Coca-Cola, which markets the also-run sports beverage Powerade. Which of the following **best** explains Pepsi Co., motive in the above scenario? [<Answer>](#)
- (a) Tropicana and Pepsi Co., joined hands to pull Tropicana out from losses
 - (b) Pepsi Co., wanted to enter the sports drinks market
 - (c) Tapping easier markets to broaden one's resource base. Thus attacking Coca-Cola to grab market share
 - (d) Gatorade armed Pepsi Co., to enter soft-drink market
 - (e) Pepsi Co., was trying to acquire Tropicana since it has a greater market share than Minute Maid.
2. Prof. Theodore Levitt differentiated the products based on the value they provide to customers. Levitt conceptualized the 'generic', 'expected', 'augmented' and 'potential' product model. Which of the following refers to unbranded, plainly packaged products which are less expensive than branded products? [<Answer>](#)
- (a) Expected product
 - (b) Generic product
 - (c) Potential product
 - (d) Augmented product
 - (e) Core product.
3. The Giant Hypermarket, a discount store at Hyderabad targets people who want to buy apparels, kitchenware, electronic goods and groceries etc. Therefore it tries to target set of segments that are similar. Which of the following segment is targeted by the hypermarket? [<Answer>](#)
- (a) Individual segment
 - (b) Super segment
 - (c) Niche segment
 - (d) Inter segment
 - (e) Dual segment.
4. An individual's attitude, values and behavior are influenced by different (small) groups. These groups are called reference groups and they have a direct or indirect influence on the individual. In primary reference group, which of the statements **best** describes the 'Disclaimant reference group'? [<Answer>](#)
- (a) It is the reference group to which an individual does not hold any membership but desires to belong to that group
 - (b) It is a reference group to which an individual holds a membership but does not want to belong to and therefore, all his actions would be opposed to that of the group
 - (c) It is the group to which a person holds membership and has frequent interactions with other members of the group
 - (d) It is the group to which an individual does not hold any membership
 - (e) It includes religious groups, professional associations and trade unions with which the interaction of customer is formal and infrequent.
5. The evolution of marketing has seen various eras. The marketing era gave rise to the 'marketing concept'. Which of the following is/are **true** about the marketing concept? [<Answer>](#)
- I. As per the concept consumer is the focal point for the business.
 - II. Businesses should generate acceptable profits continuously to sustain in the industry.
 - III. Lack of coordination between the marketing department and other departments or functions can hamper the performance of an organization.
 - IV. Marketers should lay emphasis on their short term profitability.
- (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.
6. Peter Drucker noted the relationship between selling and marketing in the following terms: <Answer>
- (a) Marketing is a subsidiary component of selling
 (b) The aim of marketing is to make selling superfluous
 (c) The aim of selling is to make marketing superfluous
 (d) Selling and marketing are essentially the same thing
 (e) Customers have a limited choice, therefore selling and marketing become easy.
7. Many business buyers prefer to buy a total solution to their problem from one seller. This is referred to as <Answer>
- (a) System selling
 (b) Integrated buying
 (c) Integrated selling
 (d) System buying
 (e) Modified rebuy.
8. Which of the following strategy is feasible when the market is aware of the product, the market size is limited, competition is not intense and the customers are ready to pay a higher price for the product? <Answer>
- (a) Rapid skimming
 (b) Rapid penetration
 (c) Slow skimming
 (d) Slow penetration
 (e) Medium penetration.
9. Ordnance factory caters to the needs of the Indian defence services. It manufactures different types of arms and ammunition for them. However, a downturn in the market due to the external market forces may affect the performance of the company. The Ordnance factory has adopted which type of target market selection process? <Answer>
- (a) Product specialization
 (b) Market specialization
 (c) Selective specialization
 (d) Full market coverage
 (e) Financial specialization.
10. Companies continually search for new customers in order to make profits and increase their sales volume. Which of the following is **not** helpful in attracting new customers? <Answer>
- (a) Developing advertisements
 (b) Mailing to prospective customers
 (c) Participating in trade shows and fairs
 (d) Making personal phone call to customers
 (e) Measuring the defection rate.
11. IKEA, the world's largest furniture retailer, is positioned as a company offering "good quality furniture at a low price". IKEA also operates an excellent restaurant in each store; it offers child care services; it offers a membership program entitling members to special discounts on their purchases beyond the normal price, and it mails out millions of catalogs featuring the latest furniture. IKEA's strategy is **best** aimed at <Answer>
- (a) Increasing sales through discounts
 (b) Trying to attain cost leadership
 (c) Creating differentiated picture of IKEA in the minds of customers
 (d) Utilizing the empty floor space to carry on extra activities
 (e) Making a dent in the hospitality market.
12. The Product Life Cycle (PLC) concept helps in making marketing decisions but it needs to be implemented with care. Managers need to be aware of the limitations of the PLC so that they are not misled by its prescriptions. Which of the following is/are **not true** about the limitation of PLC? <Answer>
- I. The use of PLC as a forecasting tool is limited since it is not possible to predict when maturity/decline will begin.
 II. Increase in marketing activities like promotion may alter the shape of the product life cycle sales curve.
 III. The PLC outlines the phases and also indicates the duration of the phases.
- (a) Only (I) above
 (b) Only (II) above
 (c) Only (III) above

- (c) Only (III) above
 (d) Both (I) and (II) above
 (e) Both (II) and (III) above.
13. Starbucks started as gourmet coffee retailer, selling fresh ground coffee beans to local coffee lovers. Once the company established itself it entered into grocery stores with frappuccino bottled drinks, Starbucks brand ice cream and the purchase of tea retailer Tazo Tea. Identify the strategy used by Starbucks to target the potential market? [<Answer>](#)
- (a) Market-penetration strategy
 (b) Market-development strategy
 (c) Product-development strategy
 (d) Diversification strategy
 (e) Product-penetration strategy.
14. Organizational buying situations can be classified into different categories. These represent a continuum of a firm's purchase process ranging from first time purchase to regular repeat purchase. Which of the following statements is **true** about 'Modified Rebuy'? [<Answer>](#)
- (a) It is a process of buying a product that has been purchased frequently and regularly
 (b) It is a process where the buyer orders from an approved supplier and the terms and conditions remain the same as they were there for previous orders
 (c) It is a process of selling a product that has been purchased frequently and regularly
 (d) It is a process in which an organization specifies the quality standard of the raw materials it requires
 (e) It is a process where the purchasing manager buys goods that have been purchased earlier but with changes in specifications, quantity, delivery schedules, etc.
15. Technological advancement is bringing about a rapid change in the market place and causing intense competition among firms. Which of the following are devising strategies that can be used by marketers to cope up with increasing competition? [<Answer>](#)
- I. Becoming more product orientated.
 II. Concentrating solely on selling their products.
 III. Building long term relationships.
 IV. Integrated marketing communications.
- (a) Both (I) and (IV) above
 (b) Both (II) and (III) above
 (c) Both (III) and (IV) above
 (d) (I), (II) and (III) above
 (e) (II), (III) and (IV) above.
16. Mahindra & Mahindra invited the proud owners of Scorpio to visit its plant at Nasik in Maharashtra. Company witnessed a huge crowd of people who drove all the way from Punjab, Hyderabad and Chennai. The marketing department felt that the customers were ready for more interaction with companies but the companies need to take the initiative. The initiative undertaken by Mahindra & Mahindra was part of? [<Answer>](#)
- (a) Enhancing the value chain
 (b) Improving customer satisfaction
 (c) Basic marketing
 (d) Getting involved in accountable marketing
 (e) Relationship marketing.
17. The strategic planning process may suffer, if there is an increased resistance to change within the organization. To deal with such a situation Ignor Ansoff suggested [<Answer>](#)
- (a) Accordion approach
 (b) Marketing approach
 (c) Value delivery sequence
 (d) Conglomerate diversification strategy
 (e) Concentric diversification strategy.
18. A builder who has a full order book during a period of economic prosperity and leaves his potential customers waiting till the existing projects are completed is most likely showing what type of business orientation? [<Answer>](#)
- (a) Marketing orientation
 (b) Selling orientation
 (c) Production orientation
 (d) Societal marketing orientation

- (d) Societal marketing orientation
(e) Product orientation.
19. L.A. Gear's sports shoe line would have been classified as a question mark when it was introduced. Based on this classification, which of the following would have been **true** according to the BCG product-portfolio matrix? [<Answer>](#)
- (a) High profitability
(b) High market growth rate
(c) High market share
(d) Positive cash flow
(e) Relatively high sales volume.
20. Which of the following concepts states that the twin advantage of economies of scale and increase in the production through improved production methods over time, can serve as a strategic tool to create competitive advantage? [<Answer>](#)
- (a) Equity curve
(b) Experience curve
(c) Marginal curve
(d) Utility curve
(e) Incremental curve.
21. At Volvo, engineers think safety in every design decision. When they decided to add a Global Positioning System (GPS) to the dashboard of a recent model, they wanted to be sure that the screen would be easy to read and close to the driver's viewing point so that it would not act as a distraction; and when some customers asked Volvo to make a convertible car, the company decided against it because of safety concerns. Which of the following **best** explains the point in the scenario? [<Answer>](#)
- (a) Volvo is very particular about not diluting its product line
(b) Volvo wanted to position the brand on only one benefit
(c) Volvo's expertise is limited in manufacturing of vehicles
(d) Volvo is not efficient enough to think beyond one aspect
(e) Volvo failed to attract the market by positioning the brand on any other benefit.
22. General Motors offers the 'On-Star system' on selected vehicles. It includes Global Positioning System for locating the car's exact position. The driver can locate the nearest ATM, hospital, convenience store, etc. Which of the following type of differentiation is reflected in the above example? [<Answer>](#)
- (a) Feature differentiation
(b) Form differentiation
(c) Durability differentiation
(d) Design differentiation
(e) Prize differentiation.
23. Competitive advantage is the critical advantage that a firm possesses in the market over a competitor in the industry. According to Michael Porter, there are two types of competitive advantages-cost advantage, differentiation advantage. Which of the following statements is/are **true** about 'cost advantage'? [<Answer>](#)
- I. It is an advantage that a firm enjoys by offering consumers the same value as competitors, but at a lower cost.
II. Offering superior value to its customers when compared to its competitors.
III. Offering inferior value to its customer when compared to its competitor.
IV. Offering consumer the same value as the competitors, but at a higher cost.
- (a) Only (I) above
(b) Only (IV) above
(c) Both (I) and (II) above
(d) Both (III) and (IV) above
(e) All (I), (II), (III) and (IV) above.
24. Which of the following research instruments is costly compared to other instruments and has an inherent drawback of having bias on the part of researchers as well as respondents? [<Answer>](#)
- (a) Observation
(b) Mail interview
(c) Telephonic interview
(d) Personal interview
(e) Questionnaire.

25. 'Kaplan and Cooper' developed system for Activity Based Costing (ABC) which help organizations assess which customers are profitable and which ones are subsidized. Which of the following are the measures specified in the system to evaluate customer profitability? [<Answer>](#)
- I. Develop the activity dictionary and identify the organization's product, services and customers.
 - II. Identify the organization's employees, suppliers and distributors.
 - III. Determine how much the organization is spending on each activity.
 - IV. Select activity cost drivers that link activity costs to the organization's products, services and customer.
- (a) Both (I) and (IV) above
 - (b) Both (II) and (III) above
 - (c) (I), (II) and (III) above
 - (d) (I), (III) and (IV) above
 - (e) All (I), (II), (III) and (IV) above.
26. Organizations can use various techniques such as 'Material Requirement Planning' and 'Just-In-Time' to take organizational buying decisions. Identify the statement(s) which **best** describes the method of "Materials Requirement Planning". [<Answer>](#)
- I. In this method, a firm forecasts its sales and develops its production schedule accordingly.
 - II. In this method, the organization specifies the quality level of the raw materials it requires from its suppliers and suggests that they take sufficient steps to conform to the quality level.
 - III. In this method, raw materials are purchased on the basis of customer demand.
 - IV. In this method, the firm orders the goods according to its production schedules.
- (a) Only (I) above
 - (b) Only (III) above
 - (c) Both (I) and (II) above
 - (d) Both (I) and (IV) above
 - (e) All (I), (II), (III) and (IV) above.
27. According to Michael Porter, which of the following is/are circumstance(s) when the bargaining power of buyers will be higher [<Answer>](#)
- I. The buying companies cannot use the threat of vertically integrating backward and supplying their own needs as a means to reduce input prices.
 - II. When the buyers purchase in large quantities.
 - III. When the supplier's industry depends on the buyers for a large percentage of its total orders.
 - IV. When the buyers can use the threat to provide for their own needs through vertical integration as a device for forcing down prices.
- (a) Only (I) above
 - (b) Both (I) and (II) above
 - (c) Both (III) and (IV) above
 - (d) (II), (III) and (IV) above
 - (e) All (I), (II), (III) and (IV) above.
28. Searching beyond the company's own value chain to identify how suppliers and distributors can help improve performance is typical of [<Answer>](#)
- (a) Total quality management approach
 - (b) Marketing intelligence systems
 - (c) Customer value delivery systems
 - (d) Profit impact of marketing strategies
 - (e) Structural ties.
29. Among industrial products, items that are purchased routinely that do not become part of the final physical product, and are treated like expense items rather than capital goods, are called [<Answer>](#)
- (a) Raw materials
 - (b) Capital equipments
 - (c) Accessory equipments
 - (d) Component parts
 - (e) Process materials.
30. With growing incomes, lots of people are trying to purchase expensive automobiles though they are having two-wheelers or four-wheelers. According to Maslow people are trying to satisfy which need? [<Answer>](#)

wheelers or four-wheelers. According to Maslow people are trying to satisfy which need?

- (a) Esteem need
- (b) Social need
- (c) Safety need
- (d) Self-Actualization need
- (e) Basic need.

31. After 115 years of using only 'Avon Ladies' to sell directly to consumers, in 2001, Avon products, Inc., negotiated with Sears and JC Penny to develop in-stores sales of the company's cosmetics. To avoid alienating its 500,000 U.S representatives, the company moved cautiously at first. Avon planned to debut its in-store beauty centers, which resembles both mini-salons and typical cosmetic counters. Which of the following **best** explains the strategy adopted by the Avon Co.?

- (a) Avon Co., had more belief in stores like Sears and JC Penny
- (b) No other stores were ready to sell the beauty cosmetics of Avon Co.,
- (c) Avon Co., adopted selective distribution in order to gain adequate market coverage with more control
- (d) Avon Co., adopted the intensive distribution technique to sell its products
- (e) Avon Co., adopted the technique of exclusive distribution.

32. An Ohio-headquartered, \$300-million-a-year manufacturer of control systems for big factories, Bailey Controls, treats some of its suppliers as if they were departments within Bailey. The company recently plugged two of its suppliers directly into its Inventory-Management System. Every week Bailey electronically sends Montreal-based Future Electronics its latest forecasts of the materials it will need for the next six months. Whenever a bin of parts fall below a designated level, a Bailey employee passes a laser scanner over the bin's bar code, alerting Future to send the parts at once. Although arrangements like this shifts inventory costs to the suppliers, the suppliers expect those costs to be more than offset by the gain in volume. It is a win-win partnership. Which of the following **best** describes why Bailey has partnered with its supplier?

- (a) Bailey is trying to achieve an edge over competitors suppliers
- (b) Bailey is trying to look for sources of competitive advantages beyond its own operations, into the value chains of its suppliers
- (c) Bailey is trying to enforce its bargaining power
- (d) Bailey is trying to enhance its inventory planning
- (e) Bailey is trying to overcome the problem of shortage of raw materials.

33. Knowing the relative strengths and weaknesses of competitors is essential if they are to be analyzed. Managers need to know the resources competitors have allocated to pursue specific strategies. Which of the following are the major resources of an organization?

- I. Production and marketing.
- II. Innovation and management.
- III. Financing.
- IV. Economic environment.

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

34. A market comprises different consumers possessing innumerable tastes and preferences. Depending on their marketing approach and the nature of the products, marketers can adopt different levels of segmentation. Which of the following constitutes one of the levels of market segmentation?

- (a) National marketing
- (b) Local marketing
- (c) Organizational marketing
- (d) International marketing
- (e) Global marketing.

35. In the mid-1990s, a spate of global fast food chains entered India hoping to capture a part of the fast foods segment. But they found it difficult to establish themselves and gain acceptance locally. McDonald's was one of the food chains which had to alter its menu, by replacing some of its food items to suit local preferences. McDonald's had to change its menu because of

- (a) Demographic environment
- (b) Cultural differences

- (b) Cultural differences
(c) Political differentiation
(d) Geographical segmentation
(e) Economic environment.
36. An organization wants to improve its overall value chain starting from supplier's supplier to customer's customer. [<Answer>](#)
A company can increase its value in the entire value chain through supply management orientation. Identify the process to which supply management orientation belongs.
- (a) Buying process
(b) Selling process
(c) Procurement process
(d) Organizational process
(e) Supply chain process.
37. Companies measure the profitability of each customer, apart from measuring the profit and loss impact of products, brands and distribution channels. Which of the following is/are the steps in customer profitability analysis? [<Answer>](#)
- I. The product and service profitability of a company can be measured by including all the costs that might be incurred.
II. Costs that are customer specific should be deducted from the customer profitability.
III. Divide the various costs into fixed, variable, and semi-variable costs.
IV. Periodicity of marketing cost analysis should also be decided because periodical analysis helps a company check and control its marketing expenses.
- (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.
38. When Varun attended his first statistics class, he realized he ought to buy a calculator or else he would be unable to do his assignments. In which stage of the consumer purchase decision process was Varun when he made this realization? [<Answer>](#)
- (a) Information search
(b) Problem recognition
(c) Purchase behavior
(d) Alternative evaluation
(e) Pre-purchase cognition.
39. In which of the following strategies do marketers continue to depend on the old, low priced products for the bulk of their sales and promote the old product heavily? [<Answer>](#)
- (a) Trading down strategy
(b) Repositioning strategy
(c) Trading up strategy
(d) Product mix contraction strategy
(e) Product mix expansion strategy.
40. In a research study by Tel-E-Fone Telecommunications, survey calls were made to a randomly selected group in which every member had an equal chance of selection. This type of sample selection is called [<Answer>](#)
- (a) Simple random sample
(b) Convenience sample
(c) Judgment sample
(d) Quota sample
(e) Purposive sample.
41. The Indian government had total control over the telecom sector, with BSNL and MTNL being the only players, before this sector was opened to private players. Today there are a number of players in the market. In this context, which of the following can be stated to be **true**? [<Answer>](#)
- I. Market dynamics have totally changed due to competition.
II. A large number of innovations have taken place in this sector.

- III. At present the market is oligopolistic in nature.
 - IV. At present the market is characterized by perfect competition.
- (a) Only (I) above
 - (b) Both (I) and (III) above
 - (c) Both (II) and (IV) above
 - (d) (I), (II) and (III) above
 - (e) (II), (III) and (IV) above.

42. Which of the following purchases would be the **best** example of a new task purchase for a company that provides sales training seminars to consumer product companies? [<Answer>](#)

- (a) The renewal of subscriptions to trade journals that provide information about their target markets' customers
- (b) The hiring of a company to prepare a web site for the company's new on-line instructional service
- (c) The hiring of a temporary employee to act as a receptionist while the regular employee is out on maternity leave
- (d) The purchase of computer paper, pencils and pens, paper clips, file folders, and other office supplies
- (e) The printing of business cards for new sales trainers.

43. The advantage derived from which of the following will be reduced if the technology used in a product becomes obsolete fast? [<Answer>](#)

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

44. The Parker Pen Company manufactures several different categories of writing instruments: inexpensive disposable ballpoints, pens with erasable ink, pens specifically designed for artwork and expensive executive pens. Which of the following type of segmentation is adopted by the company? [<Answer>](#)

- (a) Benefit
- (b) Demographic
- (c) Psychographic
- (d) Geographic
- (e) Socio-economic.

45. Nike nurtures its core competencies in shoe design, marketing and shoe merchandising and subcontracts its manufacturing to suppliers in Asian countries due to the low labor costs and cheap raw material. This is an example of [<Answer>](#)

- (a) Outsourcing
- (b) Customization
- (c) Target marketing
- (d) Competitive analysis
- (e) Benchmarking.

46. In 1999, Motorola used the results of a 25-nation research project to create four different sub-brands for its mobile phones, Accompli, Timeport, V. and Talkabout. Accompli is designed for customers seeking leading edge wireless technology: phones come with state-of-art features. Timeport phone features Internet browsing software whereas V. target status-seeking phone users. Which of the following **best** describes Motorola's strategy of launching phones under different sub-brands? [<Answer>](#)

- (a) It wants to launch products in competition with its rivals
- (b) All the products are the updated versions of previous products
- (c) All these products are launched keeping in mind the different needs of customers
- (d) All these phones are launched depending upon the geographical areas in which they are targeting
- (e) All these products are for high-end users.

47. Products can be classified depending on who the final purchaser is and how he uses them. Based on the usage, the products are classified as [<Answer>](#)

- I. Consumer product.
- II. Industrial product.
- III. Services.

- (a) Only (II) 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.
48. The BCG matrix displays the positions of business units on a graph of the market growth rate against their market share relative to competitors. Which of the following statements is **true** about 'STARS' in the growth-share matrix? [<Answer>](#)
- (a) They are the business units that have a low market share in an intensely competitive, mature industry characterized by low profits
 (b) They are the business units that have a large market share in fast growing markets or industries
 (c) They are the business units that holds a large market share in a mature and slow growing industry
 (d) They are the business units that are characterized by low market share and high growth rate
 (e) They are the business units that demand significant investment because their cash needs are always much higher than the revenue generated.
49. Buying roles are dynamic in nature. In order to target the right audience marketers should have a clear idea about the different buying roles that people assume. Identify the logical flow of roles adopted by the buyers through the buying decision process. [<Answer>](#)
- (a) Initiator → Influencer → Decider → Buyer → User
 (b) Buyer → User → Initiator → Decider → Influencer
 (c) Influencer → Decider → Initiator → Buyer → User
 (d) Decider → User → Initiator → Influencer → Buyer
 (e) User → Decider → Buyer → Initiator → Influencer.
50. Which of the following occurs, when a marketer is excessively preoccupied with product development, manufacturing or selling and ignores customer needs, wants and interests? [<Answer>](#)
- (a) Retention
 (b) Dissonance
 (c) Marketing myopia
 (d) Customization
 (e) Clutter.
51. When Julie gives her customers her card during a sale and invites them to call with any questions they might have later, which of the following levels of relationship marketing Julie is practicing? [<Answer>](#)
- (a) The basic level
 (b) The reactive level
 (c) The accountable level
 (d) The proactive level
 (e) The partnership level.
52. In which form of competition, a company competes with the companies offering similar products to the same consumer segments. For example, Hero Honda competes with only those companies manufacturing fuel-efficient bikes and not other types of motorcycles. [<Answer>](#)
- (a) Form competition
 (b) Industry competition
 (c) Generic competition
 (d) Brand competition
 (e) Equity competition.
53. Adidas set up a web site so that consumers could design the shoes they wanted to purchase (including putting their own name or nickname on the back of the shoe). This is an example of [<Answer>](#)
- (a) Targeting
 (b) Mass customization
 (c) Positioning
 (d) Segmenting
 (e) Sales promotion.
54. In order to grow, an organization has to consider both its markets and its products. When Disney started targeting its theme parks at adults rather than just children, it was selecting which strategic alternative? [<Answer>](#)
- (a) Product development
 (b) Market expansion

- (b) Market expansion
(c) Market penetration
(d) Cost leadership
(e) Diversification.
55. Refrigerator manufacturing companies indicate on the packaging that their products are Chloro Fluoro Carbon (CFC) free. This relates to which macro environmental force? [<Answer>](#)
- (a) Economic environment
(b) Socio cultural environment
(c) Demographic environment
(d) Natural environment
(e) Research and development.
56. 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 crew, 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? [<Answer>](#)
- (a) The Japanese viewed the problem just as one of building a cement factory
(b) The Japanese proposal was more economical than the U.S. proposal
(c) The Japanese followed a true systems selling approach by taking 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.
57. "Positioning is undeniably a tough job, and if a marketer attempts to position a product without careful planning, it becomes very difficult to sustain the product in the market and derive a competitive advantage." Sometimes companies try to create brand awareness among customers even before positioning the brand clearly in the market. This phenomenon is known as [<Answer>](#)
- (a) Over positioning
(b) Under positioning
(c) Confused positioning
(d) Doubtful positioning
(e) Un-doubtful positioning.
58. In the Integrative market most firms try to adopt integration strategies for growth. These strategies include forward integration, backward integration, or horizontal integration. Which of the following examples **best** explains 'Horizontal integration strategy'? [<Answer>](#)
- (a) Bata Shoe Company selling its manufactured products through its own chain of retail outlets
(b) Britannia producing its raw materials like wheat, or milk(starting its own dairy farm)
(c) Vodafone acquiring the Hutchison network operator operating in the telecom industry
(d) Madhura garments opening its own spinning mill for weaving clothes
(e) Tata having the exclusive jeweler showroom called 'Tanishq'.
59. Which one of the following concepts has drastically changed the way the inventory is purchased wherein the purchaser purchases the material on the basis of product demand in the market and maintains a minimum inventory level? [<Answer>](#)
- (a) Material requirement planning
(b) Organization direct purchase
(c) Just-in-time
(d) Lean production
(e) Supply chain.
60. Federal Express allows its customers to track their packages through its website and customers can even check the name of the person who actually took delivery of the product without any additional cost involved. By offering this service Federal Express is [<Answer>](#)
- (a) Becoming more technology savvy
(b) Reducing errors in delivery
(c) Increasing the value of its service
(d) Increasing its profitability
(e) Providing customized services.

61. Which of the following is an element of an organization's internal environment? [<Answer>](#)
- (a) Competitors
 - (b) Employees
 - (c) Wholesalers
 - (d) Retailers
 - (e) Customers.
62. A garment manufacturing company implemented a growth strategy by acquiring a cotton manufacturing plant. This type of growth strategy is called [<Answer>](#)
- (a) Conglomerate diversification
 - (b) Horizontal integration
 - (c) Forward integration
 - (d) Backward integration
 - (e) Concentric diversification.
63. 'Harry Bennet' was a strategic planner at World Products. Harry had a knack for identifying good opportunities for World Products in Eastern Europe. Accordingly, Harry spent most of his time working with the new Vice President of Eastern Europe setting up operations. In terms of the generic value chain, Harry is involved in which type of activity? [<Answer>](#)
- (a) Firm infrastructure
 - (b) Technology development
 - (c) Service
 - (d) Marketing and sales
 - (e) Procurement.
64. Dove soap is advertised as containing one-quarter moisturizer. Dove's brand positioning is based on [<Answer>](#)
- (a) Price
 - (b) Strong beliefs and values
 - (c) Product attributes
 - (d) Customer wants
 - (e) Product durability.
65. A customer evaluates the performance of a product after buying it. He will also compare the performance of the product with that of the competitors' product. The consumer will be either satisfied or dissatisfied after this evaluation. In which of the following scenario will the customer experience "cognitive dissonance"? [<Answer>](#)
- (a) If the product meets the expected performance
 - (b) If the products has no manufacturing defects
 - (c) If the product has value-added features
 - (d) If a competing product has desirable features
 - (e) If few people purchase the products.
66. Club Med operates hundreds of Club Med 'villages' (resorts) around the world. If the company cannot sell its room and air packages, it loses out. Club Med's only alternative was to rely on travel agents to sell last-minute packages. Which of the following is the **most** suitable strategy Club Med can adopt to solve the problem of perishability? [<Answer>](#)
- (a) Club Med can use e-mail to pitch unsold, discounted packages to the people in the database. These people are notified early to midweek on rooms and air seats available for travel that weekend
 - (b) Club Med can focus completely on enhancing its interaction with customers
 - (c) Club Med can advertise at various places regarding the resorts
 - (d) Club Med can collaborate with other providers to add more complementary services to the packages
 - (e) Club Med can approach various institutions for bulk booking.
67. Manufacturers and middlemen use several strategies to manage their product mix effectively. Product positioning is the image projected by the product against the competitor's products and other products of the same firm. Which of the following statements is **true** about "positioning the product in relation to product class"? [<Answer>](#)
- (a) It refers to positioning the product directly against the competitor
 - (b) It refers to positioning the product by associating or disassociating it from a common class of products
 - (c) It refers to positioning the product in relation to the target market
 - (d) It refers to positioning the product by price and quality
 - (e) It refers to positioning the product according to its brand.

68. Reliance industries set up a petrochemical plant with the highest capacity in the industry of 27 mtpa capacity in Jamnagar, Gujarat. Due to its higher capacity, it was able to achieve economies of scale. If a new company wants to enter this industry now, it has to develop a plant of the same or higher capacity. Otherwise, its production cost will be very high and it will not be able to compete in the marketplace. This is an example of [<Answer>](#)
- (a) Entry barriers
 - (b) Exit barriers
 - (c) Barriers to sustain
 - (d) Barriers for re-entry
 - (e) Barriers for substitute.
69. Marketing Information Systems (MKIS) consists of a set of efficient procedures and techniques utilized by the employees of the organization to collect, evaluate, analyze, tabulate, sort and generate proper reports for marketing managers to assist them in effective decision making. Which of the following are the types of information supplied by the MKIS to marketing department? [<Answer>](#)
- I. Recurrent information.
 - II. Requested information.
 - III. Monitoring information.
 - IV. Process information.
- (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.
70. Industries such as clothing or apparels, where there are many national and international brands like Arrow, Peter England, Raymond's etc., are competing against each other would be an example of [<Answer>](#)
- (a) Pure competition
 - (b) Oligopoly competition
 - (c) Monopoly competition
 - (d) Monopolistic competition
 - (e) Perfect competition.
71. Which of the following is/are **true** regarding the social class of 'middle class'? [<Answer>](#)
- I. It consists of white collar workers like junior executives, sales people, academicians, small business owners, etc.
 - II. Their families are always male dominated.
 - III. They have a strong drive for success and indulge in shopping for goods that speak of their social status.
- (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.
72. Consumer products can be classified into various categories. Which of the following statements is/are **true** about the categories of 'unsought products'? [<Answer>](#)
- I. They are products that are relatively inexpensive and are bought frequently.
 - II. They are products for which a buyer is willing to spend time and effort in planning and making purchase decisions.
 - III. They are products that customers are not greatly aware of the need for the product and they do not think it necessary to purchase the product.
 - IV. They are products that a customer purchases when he is faced with a sudden problem.
- (a) Only (I) above
 - (b) Both (I) and (II) above
 - (c) Both (III) and (IV) above
 - (d) (I), (II) and (III) above
 - (e) (II), (III) and (IV) above.
73. Arun is the owner of a luxury car dealership. He is very much worried about his business because sales of his luxury cars have declined considerably. He has read that unemployment is up, that consumer spending is down [<Answer>](#)

luxury cars have declined considerably. He has read that unemployment is up, that consumer spending is down, and consumer income is also down. Which of the following **best** describes the current economy?

- (a) Recession
- (b) Inflation
- (c) Stagnation
- (d) Price escalation
- (e) Depression.

74. By adding a new product line to its product mix HLL has

[<Answer>](#)

- (a) Increased its product depth
- (b) Expanded its product mix
- (c) Increased its product width
- (d) Increased its product length
- (e) Increased its product line length.

75. Consumers play various roles in a buying decision. Which of the following is/are **true** regarding gatekeepers in organizational buying?

[<Answer>](#)

- 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 purchase process stipulated by the organization.
 - III. Employees such as telephone operators and receptionists are potential gatekeepers of an organization.
- (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.

76. Michelin wanted to encourage French car owners to drive their cars more miles per year. It conceived the idea of rating French restaurants on a three-star system. Michelin promoted the names of many of the best restaurants in the south of France, leading Parisians to take weekend drives to Provence and the Riviera. Michelin also published guidebooks with maps and lists of sight along the way to encourage additional driving. With this step Michelin tries to achieve

[<Answer>](#)

- (a) Encouraging the car owners to drive more would lead to more tire replacement; in other words it would mean expanding the market by inducing more usage of the product
- (b) Encouraging car owners to drive more would serve as an advertisement for Michelin's tires, thereby increasing number of users
- (c) Michelin was trying to get its customers to have a good time so that they would become loyal to Michelin tire company
- (d) Michelin was trying to prove to its customers how good its tires were
- (e) Michelin was trying to defend its position in the market.

77. The GAP pursues a segmented market strategy with three tiers of retail clothing stores: The upscale Banana Republic, the mid-market GAP and the budgeted-priced Old Navy. Jeans sell for \$70 at Banana Republic stores and for as much as \$50 at GAP stores and Old Navy jeans sell for under \$25. Each store has its own look, its own clothing lines and its own in-house advertising. In what way can this strategy be advantageous to GAP?

[<Answer>](#)

- (a) It will help GAP to involve in individual marketing focusing on individual customers
- (b) It will help GAP to understand the market trends
- (c) It will help GAP to tap different segments of the market based on the income distribution
- (d) It will help GAP to tap different segments of the market based on different consumers preferences
- (e) It will help GAP to gain a share of the wholesale market.

78. Market challengers are those firms which occupy the second, third or fourth positions in the market. The firm which is in the second position can best adopt the strategy of offensive attack against the market leader to grab a market share. Which of the following is **not** a strategy adopted by challengers to grab market share?

[<Answer>](#)

- (a) The challenger can attack its competitors by offering the market all the benefits and features and all other facilities provided by its competitors
- (b) The challenger can indirectly attack its competitors by entering into those markets where the competitors do not have a presence
- (c) If there is a market leader who has a very powerful brand image, competitive price but a poor distribution chain, a challenger can quickly seize the opportunity and topple the leader from its position
- (d) A challenger prefers to follow the leader rather than attack it
- (e) The challenger can attack firms of its own capacity, but it should have sufficient resources to sustain the attack.

- (e) The challenger can attack firms of its own capacity, but it should have sufficient resources to sustain the attack. [<Answer>](#)
79. According to Bonoma and Shapiro, organizational markets can be segmented on the basis of demographics, operating variables, purchasing approaches, situational factors, and personal characteristics. The organization's purchasing approaches and its company philosophy provide insights to the marketer to segment industrial markets. Which of the following factors are considered in the 'Purchasing Approach'?
- I. The organization's purchasing policies.
 - II. The organization's power structure.
 - III. The relationship between the buyers and sellers.
 - IV. The relationship between the suppliers and distributors.
- (a) Both (I) and (II) above
 - (b) Both (II) and (III) above
 - (c) Both (III) and (IV) above
 - (d) (I), (II) and (III) above
 - (e) All (I), (II), (III) and (IV) above.
80. Which of the following is a function that reduces the number of labor hours needed to produce a unit of a product as the workers gain experience over a period of time? [<Answer>](#)
- (a) Contribution analysis
 - (b) Experience curve
 - (c) Learning effect
 - (d) Economies of scale
 - (e) Situational analysis.
81. Going after only the most desirable companies in business markets would be an influence of which factor of organizational purchasing approaches to segment industrial markets? [<Answer>](#)
- (a) Organization's purchasing function
 - (b) Power structure
 - (c) Relationships among the buyers and sellers
 - (d) General purchase policies
 - (e) Company technology.
82. Which of the following is/are **not true** regarding customer beliefs and attitudes? [<Answer>](#)
- I. Customer attitudes and beliefs influence their perceptions and buying behavior.
 - II. Customer attitudes are based on their present experiences with the products.
 - III. A belief is a descriptive image or thought that an individual holds about something.
- (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.
83. In the last few years, various automobile players in India like Bajaj, Kinetic and TVS have introduced several gearless scooter models with vibrant colors, light weight and an auto start feature. Which of the following segments can these products be **best** said to be targeted? [<Answer>](#)
- (a) Single men
 - (b) Adults
 - (c) Women
 - (d) Senior Citizens
 - (e) Children.
84. Product life cycle (PLC) analysis is a very valuable tool in the hands of a marketer. In the introduction stage, the product is introduced to the customer. Introducing a new product in the market is difficult because of the following reason(s)? [<Answer>](#)
- I. Only few sellers can afford the know-how, marketing and other costs to launch the product.
 - II. The risk of new product failure is quite high.
 - III. Promotional expenses are low.
 - IV. Initial revenues generated are low.

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

85. Which of the following occurs when the firm increases its plant size etc.?

[<Answer>](#)

- (a) Diseconomies of scale
- (b) High capital requirements
- (c) Low asset salvage value
- (d) Internal economies of scale
- (e) External economies of scale.

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

[<Answer>](#)

- I. It is the marketers' 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.

87. Inelastic demand in industrial markets refers to a situation where

[<Answer>](#)

- (a) Demand for a given product fluctuates very little over time
- (b) Price increases or decreases will not significantly alter demand for a given product
- (c) Demand for a given product fluctuates wildly over time
- (d) The demand for one product depends heavily on the demand for another product
- (e) Supply for a given product cannot keep up with the demand for it.

88. Financial measures are used to analyze the current situation of an organization and ratio analysis is one of the widely used tools for such situation analysis. There are four types of financial ratios. Which of the following is not one of the profitability ratios?

[<Answer>](#)

- (a) Gross profit margin ratio
- (b) Return on equity ratio
- (c) Asset turnover ratio
- (d) Net profit margin ratio
- (e) Return on debt ratio.

89. What image does a product projects in the mind of customers in comparison to the competitors' products and also in comparison to other products of the same company?

[<Answer>](#)

- (a) Product positioning
- (b) Brand positioning
- (c) Image positioning
- (d) personnel positioning
- (e) External positioning.

90. The identification of the best businesses for a company to enter by measuring the attractiveness of the industry and the business unit strength is characteristic of which portfolio planning tool?

[<Answer>](#)

- (a) BCG growth-share matrix
- (b) GE strategic business-planning model
- (c) ABC executive judgment planning model
- (d) TQM product planning process
- (e) SWOT analysis.

91. Vauxhall Motors is producing a new sophisticated model of a van. Which one of the following would be most likely variable for segmenting the market for this new model?

[<Answer>](#)

- (a) Religion
- (b) Geographic location
- (c) Income
- (d) Gender

- (d) Gender
(e) Values.
92. Tools Inc. buys hammers, bolts and other hardware items and sells them to hardware shops at a price that includes a profit. Tools Inc. would be part of what kind of market? [<Answer>](#)
- (a) Reseller market
(b) Producer market
(c) Institutional market
(d) Target market
(e) Government market.
93. A culture can be divided into subcultures according to [<Answer>](#)
- (a) Personality characteristics
(b) The motives that people have for their behavior
(c) Geographic regions or human characteristics, such as age or ethnic background
(d) Geographic regions and income levels
(e) The information to which consumers allow themselves to be exposed.
94. Neopure Corporation has developed artificial hemoglobin that can be used in place of blood in blood transfusions. The company holds the patent on this product. Therefore, Neopure has [<Answer>](#)
- (a) Potential external opportunities
(b) Core competencies
(c) Synergistic edge
(d) Market dominance
(e) Competitive advantage.
95. Intensive growth for any business activity is identifying the growth opportunities in the existing area of business. Ansoff's has proposed a model to identify such growth pattern to analyze market opportunity through a four-quadrant matrix. Which of the following model is proposed by Ansoff's? [<Answer>](#)
- (a) Product/market expansion grid
(b) Supply/market expansion grid
(c) Growth/market expansion grid
(d) Market/market expansion grid
(e) Demand/market expansion grid.
96. The amount of satisfaction a customer derives by wearing Ritu Beri's designer dress is called [<Answer>](#)
- (a) Value
(b) Delight
(c) Utility
(d) Benefit
(e) Need.
97. 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? [<Answer>](#)
- (a) Cluster analysis
(b) Discriminant analysis
(c) Factor analysis
(d) Conjoint analysis
(e) Multidimensional scaling.
98. Which of the following lists the hierarchy of needs in its correct order beginning with the most basic? [<Answer>](#)
- (a) Personal, social, physiological, psychological and safety
(b) Physiological, safety, social, esteem and self-actualization
(c) Safety, physiological, self-actualization and esteem
(d) Self-actualization, social, esteem, safety and physiological
(e) Safety, esteem, self-actualization, physiological and social.
99. Products have been traditionally classified on the basis of their characteristics like usage, durability and tangibility. Marketers use various marketing mix strategies for each product type. Which of the following is/are **not** a limitation of product classification model? [<Answer>](#)
- I. Consumer products or industrial products.

- II. The perception of every customer is same and so they categorize the products in the same manner.
- III. Customers do not behave rationally all the time.
- (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.

100. Three main strategies for intensive growth are market penetration, product development, and

[<Answer>](#)

- (a) Product improvement
- (b) Market saturation
- (c) Sales penetration
- (d) Market growth
- (e) Market development.

END OF QUESTION PAPER

Suggested Answers

Marketing Management - I (MB221): April 2008

Answer	Reason	
1. C	Using this acquisition PepsiCo try to outbid Coca-cola. There is always a war between PepsiCo. and coca-cola .Since Coca-Cola was already in Juice market PepsiCo. acquired Tropicana to be in completion with Coca-Cola. It Is the same case with Gatorade. Hence the answer is (c)	< TOP
2. B	Generic products are unbranded, plainly packaged products and are less expensive than branded products. Hence the answer is (b)	< TOP
3. B	A super segment is a set of segments that are similar. Marketers can utilize this similarity to increase their sales. The Giant Hypermarket, a discount store at Hyderabad targets people who want to buy apparels, kitchenware, electronic goods, and groceries, etc. Hence it is targeting Supersegment. Hence the answer is (b)	< TOP
4. B	Option (b) refers to Disclaimant group i.e. It is a reference group to which an individual holds a membership but does not want to belong to and therefore, all his actions would be opposed to that of the group. Option (a) : refers to Aspiration group. Option (c) refers to membership reference group. Option (d) refers to avoidance group. Option (e) refers to secondary reference group. Hence the answer is (b)	< TOP
5. C	Option (I) , (II) and (III) are true about marketing concept I. As per the concept consumer is the focal point for the business. II. Businesses should generate acceptable profits continuously to sustain in the industry. III. Lack of coordination between different departments or function can hamper the performance of an organization. Option (IV): Marketers should lay emphasis on their short term profitability is incorrect. The correct statement is: Marketer laid emphasis on their long term profitability. Hence the answer is (c)	< TOP
6. B	The aim of marketing is to make selling superfluous means that marketers do not have to do much of selling, if they are able to identify unfulfilled needs of customers and satisfy them. Hence the answer is (b)	< TOP
7. D	System buying is a process in which an organization selects only one supplier for its raw material requirements. It helps managers cut down significantly on costs, which he would have otherwise incurred for sourcing raw material from multiple suppliers. Hence the answer is (d)	< TOP
8. C	Slow skimming strategy is feasible when the market is aware of the product, the market size is limited, competition is not intense and the customers are ready to pay a higher price for the product. Hence the answer is (c)	< TOP
9. B	Market specialization involves concentrating on the different needs of a customer group Even if one segment becomes unattractive it can concentrate on other segments and fulfill its organizational objective of earning profit. (b) Product specialization is specialization in a specific product category supplying to different segments effectively will gain a substantial reputation in manufacturing such products. (c) In selective specialization, if one segment becomes	< TOP

unattractive it can concentrate on other segments and fulfill its organizational objective of earning profit. (d) Full market coverage the company targets the full market rather than any specific segment. (e) Option is not relevant here.

Hence the answer is (b)

10. E Measuring the defection rate helps in retaining customers. All other options are helpful in attracting new customers. [< TOP](#)
Hence the answer is (e)
11. C IKEA tried to position its store as a multi facilitate store in the mind of the customers. Hence the answer is (c) [< TOP](#)
12. C Option (III): The PLC outlines the phases but does not give any indication as regards to their duration i.e. duration of introduction, growth, maturity stages. This limits its use as a forecasting tool since it is not possible to predict when maturity/decline will begin. [< TOP](#)
Hence answer is (c)
13. D The fourth quadrant of Ansoff's product/market expansion grid denotes the strategy for growth in the new market for new product known as diversification strategy. [< TOP](#)
Hence the answer is (d)
14. E In modified rebuy, a purchasing manager buys goods that have been purchased earlier but changes specifications, quantity, and delivery schedules, etc. The participation between the buyer and supplier is more than straight rebuy but less than new task. [< TOP](#)
Hence the answer is (e)
15. C Option (III) and (IV) are the part of marketer devising strategies where as Option (I) and (II) are not relevant in present context. [< TOP](#)
Hence the answer is (c)
16. E In Relationship marketing, companies tries to improve relation with the customers, to retain the customer for longer time. Basic marketing and proactive marketing is a part of relationship marketing and others are not applicable. [< TOP](#)
Hence the answer is (e)
17. A Accordion approach also known as managed resistance was suggested to employ a coercive strategy when there is a pressing need for a change. [< TOP](#)
Hence the answer is (a)
18. C The production concept or orientation holds that consumers will prefer products that are widely available and inexpensive. Companies that tend to be inward looking and concentrate on their own production needs rather than customer's needs have a production orientation. (a) The marketing concept holds that the key to achieving its organizational goals consists of the company being more effective than competitors in creating, delivering, and communicating superior customer value to its chosen target markets. (b) The selling concept holds that consumers and businesses, if left alone, will ordinarily not buy enough of the organization's products. (d) The societal-marketing concept holds that the organization's task is to determine the needs, wants and interests of target markets and to deliver the desired satisfactions more effectively and efficiently than competitors do. (e) The product concept holds that the consumers will favor those products that offer the most quality, performance or innovative features. [< TOP](#)
Hence the answer is (c)
19. B According to BCG product portfolio matrix, question marks are the business units characterized by low market share and high growth rate. [< TOP](#)
Hence the answer is (b)
20. B The concept of experience curve states that as the firm produces more and more products, it gains experience in the best production methods over a period of time. This experience reduces the costs of production and creates economies of [< TOP](#)

scale. This twin advantage serves as a strategic tool to create competitive advantage.

Hence the answer is (b)

21. B Volvo is promoting the brand on only one benefit. Though its risky to tap the market on one benefit but its Unique selling point for Volvo. [< TOP](#)
Hence the answer is (b)
22. A Products can be offered with varying features that supplement the product's basic features. [< TOP](#)
Hence the answer is (a)
23. A A firm that offers the consumer the same value as the competitors, but at a lower cost, is said to possess cost advantage. [< TOP](#)
Hence the answer is (a)
24. D This method, however, is costlier than most other methods like mail and telephone interviews. It also has inherent drawbacks such as bias on the part of researchers as well as respondents. Respondents may be reluctant to share the confidential information which may be essential for the research process. But with a properly selected sample and well-trained interviewers, important information can be gathered from respondents. [< TOP](#)
Hence the answer is (d)
25. D Option (I), (III) and (IV) are the measures specified in the system, used to increase the profitability of the organization. [< TOP](#)
Option (II) is incorrect in present context.
Hence the answer is (d)
26. D In materials requirement planning, a firm forecasts its sales and develops its production schedule accordingly. The firm then orders the goods according to its production schedules. This helps the company to avoid buying too much or too little of the raw material. [< TOP](#)
Hence the answer is (d)
27. D According to Michael Porter, the bargaining power of buyers will be higher when there are many suppliers and a few large buyers, when the buyers purchase in large quantities, when the supplier's industry depends on the buyers for a large percentage of its total orders and when the buyers can use the threat to provide for their own needs through vertical integration as a device for forcing down prices. [< TOP](#)
Hence the answer is (d)
28. C A firm tries to influence the value chain of its suppliers, distributors, etc., because if the value chain of suppliers and distributors is optimized, its own cost structure will also become optimized. [< TOP](#)
Hence the answer is (c)
29. C Accessories are those products that help in production or office activities. They do not become part of final product. (a) Raw material is the basic material used in producing a product. (b) Capital equipment comprises of the large tools and machines that are used for the productions of goods or for providing services. (d) A component is a finished product or a product that needs a little processing before becoming a part of the main product. (e) Process materials are used directly in production of the final product but are not easily identified in the final products. [< TOP](#)
Hence the answer is (c)
30. A Everyone can't afford to buy expensive four wheeler but people are taking easy finance to fulfill their esteem need. [< TOP](#)
Hence the answer is (a)
31. C Avon Co. adopted selective distribution in order to gain adequate market coverage with more control .Since AvonCo. is direct selling market and now when they adopt the selective distribution they want to have full control of the [< TOP](#)

- distribution and market.
Hence the answer is (c)
32. B Bailey is trying to look for competitive advantages beyond its own operations, into the value chains of its suppliers. [< TOP](#)
Option (a), (c) (d) and (e) are not appropriate in particular scenario.
Hence the answer is (b)
33. D Knowing the relative strengths and weaknesses of competitors is essential if they are to be analyzed. Managers need to know the resources of competitors that have been allocated to pursue specific strategies. Major resources of an organization are management, innovation, financing, production and marketing. [< TOP](#)
Hence the answer in (d)
34. B A market comprises different consumers possessing innumerable tastes and preferences. Depending on their marketing approach and the nature of the products, marketers can adopt different levels of segmentation. The levels of market segmentation are: Segment Marketing, Individual Marketing, Niche Marketing, Local Marketing. [< TOP](#)
Hence the answer is (b)
35. B Initially McDonald had non-vegetarian menu with certain items which are not acceptable in Indian culture .Hence McDonald had to change the menu that is acceptable to the people of India. [< TOP](#)
Hence the answer is (b)
36. C Procurement process consists of buying and supply management orientation. [< TOP](#)
Hence the answer is (c)
37. B Steps in customer profitability analysis are [< TOP](#)
1. The product and service profitability of a company can be measured by including all the costs that might be incurred.
 2. After estimating the actual economic profitability of the products and services, managers should determine the profitability of the customers by observing which products customers buy.
 3. Costs that are customer specific should be deducted from the customer profitability.
 4. Until stage three, all the costs have not been included. There are certain overhead costs that are incurred by the company such as traveling expenses of the top management, capital expenditure on the building of head quarters and so on.
- Statements (I) and (II) are the steps of customer profitability analysis. Where as steps (III) and (IV) are not the steps of customer profitability analysis but they are the steps of marketing costs analysis.
Hence the answer is (b)
38. B Recognizing the need for a calculator while working on assignments is an example of the problem recognition stage in the buying process. [< TOP](#)
Hence the answer is (b)
39. C (c) 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. [< TOP](#)
Hence the answer is (c)
40. A Simple random sampling is probability sampling where each member of the universe has an equal chance of being selected. (b) Convenience sampling is chosen on the basis of convenience. (c) In judgment sampling, the representative sample selected on the basis of expert judgment. (d) In quota sampling, the demographic characteristics of interest are present in the representative sample in the same proportion as in the population. (e) In purposive sampling, the sample is selected purposely not to be representative in order to fulfill certain objectives. [< TOP](#)
Hence the answer is (a)

41. D Statement (IV), Perfect competition is a structure where more sellers and more buyers exists here there are limited number of sellers like BSNL, MTNL and other private players. All other options are true. [< TOP](#)
Hence the answer is (d).
42. B New task buying is a situation in which a buyer purchases a product for the first time. The hiring of a company to prepare a web site for the company's new online instructional service is a example of a new task purchase for a company that provides sales training seminars to consumer product companies. [< TOP](#)
Hence the answer is (b)
43. E If the technology used in a product becomes obsolete fast, the advantage derived by the marketer from its durability also gets reduced. [< TOP](#)
Hence the answer is (e)
44. A Benefit segmentation entails clustering consumers according to benefit sought. (b) Demographics are the vital statistics that describe a population (gender, age, income, family size, education, social class, and ethnicity). (c) Psychographic segmentation involves examining attributes related to how a person thinks, feels, and behaves (personality, lifestyles, and values). (d) Geographic segmentation divides the market based upon the geographic distribution of population (regional, urban, suburban, and rural).. [< TOP](#)
Hence the answer is (a)
45. A Outsourcing offers cost saving, lower expenses and specialization of products and services and helps the company become more competitive. All other options are irrelevant. [< TOP](#)
Hence the answer is (a)
46. C The phones are launched keeping in mind the needs of the customers. Motorola introduced these phones on the basis of market segments. Since the requirements/needs varied from customer to customer Motorola tried to tap different segment of the market by introducing the phones depending upon customer requirements. [< TOP](#)
Hence the answer is (c)
47. B Products can be classified depending on who the final purchaser is and how he uses them. Based on the usage of the products, they are divided into (I) consumer products and (II) industrial products. [< TOP](#)
Option (III): Services are not based on usage they are based on tangibility.
Hence the answer is (b)
48. B These business units have a large market share in fast growing markets or industries. Firms need to invest in stars as the industry is still emerging and the market share is also growing. Stars often generate as much revenues as they use. But once the industry reaches the stage of maturity, the stars hardly need any investment and become major sources of revenue for the firms. [< TOP](#)
Hence the answer is (b)
49. A The logical order that is adopted by the buyer during buying process is Initiator->Influencer->Decider->Buyer->User. [< TOP](#)
Hence the answer is (a)
50. C Marketing myopia occurs when a marketer is excessively preoccupied with product development, manufacturing or selling and ignores customer needs, wants and interests. [< TOP](#)
Hence the answer is (c) Option
51. B Relationship marketing is building mutually satisfying long-term relationships with customers. The aim of customer relationship management is to produce high customer equity. There are five levels in customer relationship building. Alternative (a) is incorrect as in basic level the salesperson simply sells the product. In accountable marketing the salesperson phones the customer to check whether the product is meeting expectations, hence alternative (c) is incorrect. [< TOP](#)

Alternative (d) is incorrect because in the proactive level of relationship marketing the salesperson contacts the customer from time to time with suggestions about improved products uses or new products.

Hence the answer is (b)

52. D Brand competition is one in which a company competes with the companies offering similar products to the same consumer segments. For example, Hero Honda competes with only those companies manufacturing fuel-efficient bikes and not other types of motorcycles. [< TOP](#)
Hence the answer is (d)
53. B Mass Customization is the ability of a company to prepare on a mass basis individually designed or tailor-made products. Alternative (b) is the correct answer. [< TOP](#)
Hence the answer is (b)
54. B In market expansion, the company considers whether it can find or develop new markets for its current products. . Alternative (b) is incorrect because in Product development strategy, the firm considers whether it can develop new products of potential interest to its current markets. Alternative (c) is incorrect because in market penetration strategy, the company considers whether it could gain more market with its current products in their current markets. Alternative (d) is one of Porter’s generic strategies. (e) Diversification is when a company sells new products to new markets or to markets that it has served before. [< TOP](#)
Hence the answer is (b)
55. D Organizations consume natural resources for the production of goods and services. Technological developments have led to ecological imbalances. Therefore, companies are producing products to maintain the ecological balance and to contribute to the natural environment. [< TOP](#)
Hence the answer is (d)
56. C 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. [< TOP](#)
Hence the answer is (c)
57. D Sometimes companies try to create brand awareness among customers even before positioning the brand clearly in the market. This phenomenon, known as doubtful positioning, can lead to a bad positioning of the product in the market, and often generates a negative attitude towards the brand. [< TOP](#)
Hence the answer is (d)
58. C If it plans to integrate horizontally, then it may acquire the business of one of its competitors. [< TOP](#)
Hence the answer is (c)
59. C Just-in-time is a method for maintaining the minimum inventory of raw materials and finished goods. In this method, raw materials are purchased on the basis of customer demand. [< TOP](#)
Hence the answer is (c)
60. C Option (c) :In a highly competitive market, only providing the quality of product is not enough , additional services also have to be provided to enhance the value of the product. [< TOP](#)
Option (a), (b), (d) and (e) are not very suitable in present context.
Hence the answer is (c)
61. B Employees are internal to the organization and others are external and form part of a firm's micro-environment. [< TOP](#)
Hence the answer is (b)
62. D If a company starts producing its own raw materials then, it is adopting backward [< TOP](#)

integration strategy. In this case garment is manufacturing its own cotton, hence it is adopting backward integration strategy. (a) In conglomerate diversification strategy, the company tries to perform unrelated business activities. (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) If a company plans to start its own distribution network, then it is adopting forward integration. (e) In concentric diversification strategy, a company tries to diversify by serving a new customer base with products that are related to the existing product category.

Hence the answer is (d)

63. A Infrastructure includes general management, planning, government, hiring activities and quality management. Support activities assist primary activities by providing infrastructure that allows them to be carried out on an ongoing basis. Support activities such as procurement, hiring the personnel, R&D, infrastructure, accounting, and legal activities, etc., are handled by various departments
Hence the answer is (a) < TOP
64. C Product attributes refer to physical features and contents of a product. Therefore, moisturizer would be product attribute. Options (a), (b), (d) and (e) are irrelevant.
Hence the answer is (c) < TOP
65. D When the product of the competitor brand has the desirable feature he is seeking for.
Hence the answer is (d) < TOP
66. A The most suitable strategies that Club Med can use selling the packages on discount rate compared to standard rate to the people in the database it will decrease the dependency on travel agents.
Hence the answer is (a) < TOP
67. B Positioning in relation to product class. Marketers may also try to position a product by associating or disassociating it from a common class of products.
Hence the answer is (b) < TOP
68. A An example of an industry creating barriers to new entrants is Reliance Industries setting up a petrochemical plant with the highest capacity in the industry of 27 mtpa capacity in Jamnagar, Gujarat Due to its higher capacity, it was able to achieve economies of scale. This created entry barriers for new players. If a company wants to enter this industry now, it has to develop a plant of the same or higher capacity. Otherwise, its production cost will be very high and it will not be able to compete in the marketplace.
Hence the answer is (a) < TOP
69. C The MkIS supplies three types of information to the marketing department - recurrent, monitoring and requested information.
Option (IV) is not relevant in the present context.
Hence the answer is (c) < TOP
70. D Option(d) :In monopolistic competition there are many players competing with each other and hold small market share which is shown in the example where as (a),(b),(c),(e) are other competitive structures.
Hence the answer is (d) < TOP
71. A Middle class consists white collar workers like junior executives, sales people, academicians, small business owners, etc.
Hence the answer is (a) < TOP
72. C Unsought products are the products that a customer purchases when he is faced with a sudden problem. Customers are not greatly aware of the need and they do not think it vitally necessary to purchase the product, e.g.. Umbrellas, repair services, etc. Marketers use personal selling and advertising to market these products. They indulge in aggressive selling tactics for promoting these products < TOP

e.g. Insurance policies.

Hence the answer is (c)

73. A A period of general economic decline; specifically, a decline in GDP for two or more consecutive quarters is referred to as recession. (b) The overall general upward price movement of goods and services in an economy, usually as measured by the Consumer Price Index and the Producer Price Index. (c) A period of little or no economic growth is referred as Stagnation. (d) Price escalation refers to price rise. (e) A period during which business activity drops significantly. High unemployment rates and deflation often accompany a depression.
Hence the answer is (a) [< TOP](#)
74. C Product width refers to the total number of product lines a company carries. (a) Product depth refers to the assortment of sizes, colors and variations offered for each product in the product line. (b) Product mix includes the product depth, width, and length. (d) Product length of a product mix is the total number of items in that mix. (e) Product line refers to the products in a particular category.
Hence the answer is (c) [< TOP](#)
75. C 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.
Hence the answer is (c) [< TOP](#)
76. A Michelin is a tire company and it will be more interested in selling the tire by any means. Since more traveling will lead to more usage of tires and lead to more replacements Hence increase the sales of the tires.
Hence the answer is (a) [< TOP](#)
77. C GAP segmented strategy will help it to tap the market which is depend upon the economic environment, since by doing so GAAP could able to target the people with different income zone.
Hence the answer is (c) [< TOP](#)
78. D Market followers prefer to follow the leader rather than attack it. Most follower firms manufacture products leveraging on the product innovations of the market leaders.
Hence the answer is (d) [< TOP](#)
79. D The factors in the purchasing approach consist of the organization's purchasing activity, its power structure, the relationship among the purchaser and the seller and finally the company's general purchasing policies.
Hence the answer is (d) [< TOP](#)
80. C Option (c): Learning effect: Is a function that reduces the number of labor hours needed to produce a unit of a product as the workers gain experience over a period of time
Option (a): deals with techniques for determining profitability. Option (b): deals with reducing the costs of production.
Option (d): refers to a decrease in the average cost incurred in the production of goods in large no.
Option (e): Is related to financial ratio.
Hence the answer is (c) [< TOP](#)
81. C Organizations can segment their markets on the basis of the level of relationship with different customers. With some, it will be stronger, while with others; it may not be as good. Organizations can clearly demarcate their relationship with different customers. Consumers going after the most desirable company reflect the relationship between the company (seller) and the company (buyer).
Hence the answer is (c) [< TOP](#)
82. B Customer attitudes are based on their past experiences with the products
Hence the answer is (b) [< TOP](#)

83. C Light weight vehicles and bright colors with auto start are basically preferred by the women. Hence the answer is (c) < TOP
84. E Promotional expenses are at their highest at introduction stage. Hence the answer is (e) < TOP
85. D Internal economies of scale occurs within the firm due to factors such as the firm increasing its plant size, etc. Hence the answer is (d) < TOP
86. B Individual marketing is the extreme level of segmentation in which marketers focus on individual customers. Hence the answer is (b) < TOP
87. B Inelastic demand is one in which the increase or decrease in the price of the raw material does not significantly impact the purchase process of an organization, unless and until there is a large change. Hence the answer is (b) < TOP
88. E Option Gross profit margin ratio, Return on equity ratio, Asset turnover ratio, Net profit margin ratio. Return on debt ratio is not a profitability ratio. Hence the answer is (e) < TOP
89. A Product positioning is the image that a product produces in the minds of customers in comparison to the competitors' products and also in comparison to other products of the same company. Hence the answer is (a) < TOP
≥
90. B In the General Electric model the strategic business units are plotted in the matrix with nine cells. Each strategic business unit is measured using criteria such as industry attractiveness and business unit strength. Hence the answer is (b) < TOP
≥
91. C Income would be a likely variable for segmenting the market for this new model because the product is highly priced and segmentation is not possible on basis of religion, geographical location, gender or values. Hence the answer is (c) < TOP
≥
92. A Resellers are marketers who do not purchase products for converting them into finished products or for personal use, but for selling them to other customers for a monetary gain. Wholesalers and retailers form a part of the resellers market. (b) Producers buy the products from suppliers, not for direct sales to the customers but for processing them and converting them into finished goods. These finished goods are then sold to customers for their use. (c) Institutional markets are combination of government and private organizations. A marketer trying to cater to customers must adopt marketing strategies that suit both government markets and private commercial markets. (d) Option is not applicable. (e) Government market refers to the federal, state, local and foreign governments that buy goods and services. Hence the answer is (a) < TOP
≥
93. C A subculture is a culture followed by a group of people within a culture that is distinctly identified within a larger society. These groups have similar habits, behavior patterns, shared value system, buying behavior on the basis of their age, religion, common experiences or even geographic location. All other options are not completely defining subculture. Hence the answer is (c) < TOP
≥
94. E Competitive advantage is the critical advantage that a firm possesses in the market over a competitor in the industry. Neopure can differentiate based on the patent it has, therefore it has a competitive advantage. < TOP
≥

- Hence the answer is (e)
95. A Intensive growth for any business activity is identifying the growth opportunities in the existing area of business. Ansoff has proposed a model to identify such growth patterns, known as Ansoff's product/market expansion grid. In this grid, we can analyze market opportunities through a four quadrant matrix
Hence the answer is (a) [< TOP](#)
[≥](#)
96. C The extent to which a product satisfies customers' needs and want is called utility. It is the amount of satisfaction a customer derives by consuming the product.
Hence the answer is (c) [< TOP](#)
[≥](#)
97. D Conjoint analysis analyzes the different ranks given by the respondents for each of the product attributes shown to them.
Hence the answer is (d) [< TOP](#)
[≥](#)
98. B According to Maslow needs can be classified as physiological needs, security needs, social needs, esteem needs, and self-actualization needs.
Hence the answer is (b) [< TOP](#)
[≥](#)
99. B The perception of every customer is different from another and so they do not categorize the products in the same manner.
Hence the answer is (b) [< TOP](#)
[≥](#)
100. E According to Ansoff's product or market expansion grid market opportunities can be analyzed through a four quadrant mix- market penetration strategy, product development strategy, market development strategy and diversification strategies. The strategy for growth in the new markets for existing products is known as market development strategy.
Hence the answer is (e) [< TOP](#)
[≥](#)

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