

Question Paper

Marketing Management – I (MB1C1): January 2009

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

1. The societal marketing concept calls for striking a balance between the company's profit, the customers' wants and society's interests. But the pure marketing concept overlooks [<Answer>](#)
- (a) Short-term profitability and short-term goals
 - (b) Long-term goals and long-term profitability
 - (c) Short-term wants and long-term welfare
 - (d) Long-term wants and long-term profitability
 - (e) Short-term welfare and short-term profitability.
2. Which of the following is/are the condition(s) for business obsolescence as a result of marketing myopia as described by Theodore Levitt? [<Answer>](#)
- I. The belief that if the market for a product expands automatically, companies do not think imaginatively about how to expand the market.
 - II. The belief that by producing in large quantities, per unit output cost can be significantly reduced.
 - III. The belief that there are substitutes for the industry's major products.
 - IV. Preoccupation with a product that lends itself to carefully controlled scientific experimentation, improvement and manufacturing cost reduction.
- (a) Only (I) above
 - (b) Only (III) above
 - (c) Both (II) and (III) above
 - (d) (I), (II) and (IV) above
 - (e) All (I), (II), (III) and (IV) above.
3. By adopting which of the following methods, companies can reduce their costs and improve their organizational performance that lead to better utilization of resources? [<Answer>](#)
- (a) Benchmarking
 - (b) Decentralization
 - (c) Outsourcing
 - (d) Reengineering
 - (e) Customization.
4. Companies changed from pushing products down to the customers and began attempting to fulfill customers' needs according to their preferences in which of the following stages of marketing? [<Answer>](#)
- (a) Production era
 - (b) Sales era
 - (c) Marketing era
 - (d) Product era
 - (e) Societal marketing era.
5. Which of the following is **not** a characteristic of Airline industry? [<Answer>](#)
- (a) Airline industry is highly competitive
 - (b) Demand is inelastic in nature
 - (c) The profitability of an airline increases, when the flight capacity is properly utilized and the aircraft spends less time on the ground
 - (d) The growth of the industry is closely linked to economic growth
 - (e) An airline seat is an intangible and perishable good and hence marketers need to take special care while formulating their marketing strategies.
6. Which of the following is **not** a primary activity in a value chain? [<Answer>](#)
- (a) Operations
 - (b) Procurement
 - (c) Marketing and sales
 - (d) Inbound logistics
 - (e) Outbound logistics.

7. Standard Chartered Bank offers a global credit card to all its customers, while most of its competitors offer country specific cards. However, providing these benefits comes at a cost. This is an example of [<Answer>](#)
- (a) Providing value-cost balance
 - (b) Providing value-delivery balance
 - (c) Gaining competitive superiority
 - (d) Increasing the cost of the card by providing minimum value
 - (e) Selling the card with the feature which is not useful to customer at the higher cost.
8. Marketers work continuously to find ways and means to build good relations with their customers. Which of the following is **true** about proactive marketing in building a long-term relationship with customers? [<Answer>](#)
- (a) A salesperson sells the product but does not contact the customer again
 - (b) A salesperson sells the product and encourages the customer to call if the customer has any complaints or queries regarding the product
 - (c) A salesperson calls (or phones) the customer after a small period of time of the actual sale to check whether the product is meeting the customer's expectations
 - (d) The salesperson contacts the customer from time to time with suggestions about product usage for improving the product
 - (e) Companies need to work in tandem with their customers to provide better services to them and improve their (companies) performance.
9. Which of the following is an ideal competitive structure, where a large number of sellers compete to offer homogeneous/relatively similar products? [<Answer>](#)
- (a) Monopoly
 - (b) Oligopoly
 - (c) Pure competition
 - (d) Monopolistic competition
 - (e) Perfect competition.
10. Snowwhite is the pioneer in India in manufacturing of cement specialties, surface coatings, concrete water proofers and hardeners used in the building and construction industries. The company's two main products – Snowwhite and Sandtex Matt (plastic emulsion paint) dominate the premium segment and are estimated to have market shares of 33% and 65% respectively. In the current year, the company has launched three new products in various niche segments. The realtors are their main buyers and they look for high quality durable products, fair price and on-time delivery. Snowwhite is expecting good price for its products, on-time payment, and publicity. Which of the following are **correct** in the event of an exchange between Snowwhite and its buyers? [<Answer>](#)
- I. Snowwhite should consider all the demands of the buyers as the buyers demands are equally important.
 - II. If there is sufficient overlap between the wants of both Snowwhite and its buyers, a basis for transaction exists.
 - III. The process of negotiation would lead to mutually acceptable terms or a decision not to transact.
 - IV. The buyers must accept any offer from Snowwhite.
- (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.
11. A business cycle consists of various stages depending upon the economic activities in a country. In which of the following stages of the business cycle, jobs are slashed and consequently the willingness of people to spend money decreases considerably? [<Answer>](#)
- (a) Recession
 - (b) Recovery
 - (c) Depression
 - (d) Growth
 - (e) Prosperity.

12. Which of the following macro-economic environmental factors refer to the attitude, beliefs, norms, values and lifestyle of individuals in a society? [<Answer>](#)
- (a) Demographic
 - (b) Political
 - (c) Economic
 - (d) Socio-cultural
 - (e) Natural.
13. Which of the following shows the efficiency of operations of a company? [<Answer>](#)
- (a) Return on equity
 - (b) Gross profit margin
 - (c) Dividend yield
 - (d) Price/earning ratio
 - (e) Net profit margin.
14. Which of the following is **not** a liquidity ratio? [<Answer>](#)
- (a) Current ratio
 - (b) Quick ratio
 - (c) Average collection period
 - (d) Inventory turnover ratio
 - (e) Asset turnover ratio.
15. During the production of goods, initially when the product volume increases, the average cost decreases. However, after reaching a point, the average cost starts increasing. When the average cost increases with an increase in production volume then it is referred to as [<Answer>](#)
- (a) Economies of scale
 - (b) Experience curve
 - (c) Learning effect
 - (d) Contribution analysis
 - (e) Diseconomies of scale.
16. Every social class prefers to buy distinct products and exhibits brand preferences in categories like clothes, home appliances, furnishing, leisure activity, food, automobiles etc. Upper middle class is very important for marketers because [<Answer>](#)
- (a) These people tend to buy expensive products and patronize branded exclusive shops for snob and luxury goods
 - (b) These people have a strong drive for success and indulge in shopping for goods that speak of their social status
 - (c) These people seek products that give more value for money
 - (d) These people tend to live in the present
 - (e) These people lead a conservative lifestyle and spend moderately.
17. A market comprises of 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 is **not** a level of market segmentation? [<Answer>](#)
- (a) Dividing the target market into different segments on the basis of homogeneous needs
 - (b) Focusing on individual customers
 - (c) Position the product or service in smaller markets that have similar attributes and have been neglected by other marketers
 - (d) Customizing products to suit local markets
 - (e) Using the same product and promotion strategies in all markets.
18. When international markets show similar tastes and preferences in smaller groups, they are segmented with the help of [<Answer>](#)
- (a) Comparative analysis
 - (b) Comparative cluster analysis
 - (c) Factor analysis
 - (d) Discriminant analysis
 - (e) Canonical correlation analysis.

19. Titan industries targeted Sonata brand of wrist watches to the middle and lower class segments in the market. The tend to segment Sonata by the company is on the basis of [<Answer>](#)
- (a) Geographical area
 - (b) Gender
 - (c) Income group
 - (d) Personality
 - (e) Values.
20. TTK Prestige Ltd., a leading manufacturer of pressure cookers and other kitchen appliances has transformed from being a leading pressure cooker brand to a one-stop kitchen solution provider. It started a website, presitgesmarkitchen.com; in that site it provides Grandma recipes and remedies, small kookie blog, cook for 20 in a jitty, kitchen tips and healthy living recipes. The company tries to add more attributes and services to improve the product so as to differentiate it from their competitors' products. Which of the following best explains the product level of Prestige? [<Answer>](#)
- (a) It provides the core benefit to the customers
 - (b) It offers an augmented product that exceeds the normal expectations of the customers
 - (c) It represents the expected product that a customer finds essential to buy the product
 - (d) It has successfully converted the core benefit into the basic product, which is – selling kitchen appliances online
 - (e) It offers the potential product as it contains transformations of the product or offering might undergo in the future.
21. Sportspersons always like to buy trendy products while top managers usually buy formal wear. This helps marketers to segment the markets on the basis of which of the following segmentation variables? [<Answer>](#)
- (a) Personality
 - (b) Values
 - (c) Occasions
 - (d) Lifestyles
 - (e) Belief.
22. Segmenting organizational markets is a difficult task for marketers. Which of the following is **not** the basis of segmenting organizational market according to Bonoma & Shapiro? [<Answer>](#)
- (a) Demographics
 - (b) Operating variables
 - (c) Psychographic
 - (d) Situational factors
 - (e) Personal characteristics.
23. Segmenting the organizational markets on the basis of situational factors involve(s) [<Answer>](#)
- I. Urgency of order fulfillment.
 - II. Product application.
 - III. Size of the order.
 - IV. Power structures.
- (a) Only (I) above
 - (b) Only (III) above
 - (c) Both (I) and (II) above
 - (d) (I), (II) and (III) above
 - (e) All (I), (II), (III) and (IV) above.
24. Which of the following characteristics are needed to exhibit by the segmentation variables for effective segmentation? [<Answer>](#)
- I. Measurable.
 - II. Substantial.
 - III. Accessible.
 - IV. Differentiable.
- (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.

25. After evaluating different market segments, the company should select which segments to target. In which of the following processes, the company selects the market segment by focusing its resources on a few market segments and develops its expertise in fulfilling the needs of those segments? [<Answer>](#)
- (a) Single segment concentration
 - (b) Selective specialization
 - (c) Product specialization
 - (d) Market specialization
 - (e) Full market coverage.
26. Which of the following is **true** about market specialization? [<Answer>](#)
- (a) It gives the marketer the advantage of high sales, as he puts all his marketing efforts on a segment and on improving the product to exactly match the tastes and preferences of the customers in that segment
 - (b) It is a process in which the company focuses its resources on a few market segments and develops its expertise in fulfilling the needs of those segments
 - (c) It involves concentrating on the different needs of a customer group
 - (d) In market specialization no segment is left untargeted by the company
 - (e) The risk in market specialization is that if a competitor develops a breakthrough technology; the company's product will be totally replaced in the market.
27. Which of the following involves in helping an organization to gain a clear picture of its future such as long-term sustainability, product strategy, brand strategy, sales strategy and promotion strategy? [<Answer>](#)
- (a) Strategic planning
 - (b) Exploratory research
 - (c) Portfolio analysis
 - (d) Business cycle
 - (e) Cycle analysis.
28. Which of the following approaches is/are suggested by Igor Ansoff where a firm can employ a coercive strategy when there is a pressing need for change? [<Answer>](#)
- I. Accordion approach.
 - II. Value building approach.
 - III. Strategic approach.
- (a) Only (I) above
 - (b) Only (II) above
 - (c) Only (III) above
 - (d) Both (I) and (II) above
 - (e) All (I), (II) and (III) above.
29. The corporate vision and mission paves the way for the creation of long-term and short-term objectives of a company. Which of the following activities is/are adopted by the company to realize these objectives? [<Answer>](#)
- I. Setting the corporate mission.
 - II. Forming Strategic Business Units (SBUs).
 - III. Allocating resources to each SBU.
 - IV. Planning new business activities.
- (a) Only (I) above
 - (b) Only (III) above
 - (c) Both (I) and (II) above
 - (d) (I), (II) and (III) above
 - (e) All (I), (II), (III) and (IV) above.

30. Yes Bank was incorporated in November 2003 and started its financial operations in September 2004 in India. Yes Bank focused on corporate banking by offering specialized services to corporate clients as the retail banking space had already been well covered by some new generation private banks like ICICI and HDFC, which had started a decade earlier. They are in the leading position in the retail banking sector. So, Yes bank focused all its resources on corporate services like mergers and acquisitions, financial restructuring, currency risk management, etc. in which the leaders are having little presence. Yes Bank had grown at a tremendous pace since its inception. In December 2006, Yes Bank was rated the third best bank in India in Business World's annual survey of listed public. In this context, which of the following best describes Yes bank's strategy? [<Answer>](#)
- (a) Yes Bank was able to defend its position as it knew that leaders product would not do well in the future
 - (b) Yes Bank don't want to enter into the retail market segment and want to position itself as a corporate service provider
 - (c) Yes Bank attack the market leader by planning an attack secretly without knowing it
 - (d) Yes Bank just got lucky that the leading banks did not give tough competition
 - (e) Yes Bank does not like to attack the market leader and therefore operated in a small segment of the market in which the other leading banks are not interested.
31. Which of the following is/are the characteristic(s) that can make a Strategic Business Unit (SBU) successful? [<Answer>](#)
- I. Each SBU should be a composite business entity with an individual planning process.
 - II. Each SBU should operate in a market where it has its own customers and competitors.
 - III. Each SBU should be headed by a person who is responsible for its performance.
- (a) Only (I) above
 - (b) Only (II) above
 - (c) Only (III) above
 - (d) Both (II) and (III) above
 - (e) All (I), (II) and (III) above.
32. Which of the following quadrants is characterized by low market share and high growth rate in BCG product portfolio matrix? [<Answer>](#)
- (a) Dog
 - (b) Cat
 - (c) Question mark
 - (d) Cow
 - (e) Star.
33. If Britannia produce its own raw materials by starting a dairy farm for milk, and producing wheat etc., then it adopts which of the following strategies? [<Answer>](#)
- (a) Forward integration
 - (b) Backward integration
 - (c) Horizontal integration
 - (d) Conglomerate integration
 - (e) Concentric integration.
34. Many 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? [<Answer>](#)
- (a) Economies of scale
 - (b) High capital requirements
 - (c) Relative price performance of substitutes
 - (d) Proprietary products
 - (e) Learning curve.

35. To deal with the changes in the market place that has been brought by the technological advancements companies and marketers are constantly formulating new strategies. This is causing intense competition. Which of the following is/are 'marketer responses' to the changes in the market place? [<Answer>](#)
- I. Marketers are providing better 'form utility' by creating customized/tailor-made products to suit individual needs.
 - II. Companies maintain data warehouses in which they store information about the preferences and buying habits of individual customers.
 - III. Companies are now realizing that they need to focus on the activities in which they are strong, and outsource the remaining activities to other firms which have the required competencies.
 - IV. Companies are now offering services like selling and delivering products over the Internet.
- (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.
36. Which of the following is **not** a parameter in the 7-S model for effective implementation of strategies by business firms as proposed by McKinsey? [<Answer>](#)
- (a) System
 - (b) Skills
 - (c) Strategy
 - (d) Superordinate goals
 - (e) Style.
37. Every organization has to analyze its marketing opportunities based on its area of significance, position and sales in the market. Organizations that quickly transform marketing opportunities into successful products are defined as [<Answer>](#)
- I. Virtual marketing organizations.
 - II. Multi business organizations.
 - III. Single business organizations.
- (a) Only (I) above
 - (b) Only (II) above
 - (c) Only (III) above
 - (d) Both (I) and (II) above
 - (e) All (I), (II) and (III) above.
38. Which of the following is/are the pricing factors that have to be considered by the companies while planning marketing programs? [<Answer>](#)
- I. Features.
 - II. Discount.
 - III. Quality.
 - IV. Credit limit.
- (a) Only (I) above
 - (b) Only (III) above
 - (c) Both (I) and (II) above
 - (d) Both (II) and (IV) above
 - (e) All (I), (II), (III) and (IV) above.
39. In the maturity stage of a product life cycle, competition is intense as [<Answer>](#)
- (a) Few sellers being able to afford the technological know-how
 - (b) Entry of new firms due to promising opportunities
 - (c) Many brands compete at the same time
 - (d) Firms withdraw in case of lower exit barriers
 - (e) Firms adopt aggressive pricing strategies.

40. For effective segmentation, variables used in segmentation need to exhibit certain characteristics. Which of the following is/are **true** regarding the characteristic of the variable ‘substantiality’? [<Answer>](#)
- I. A marketer should take enough care to see that each segment consists of an adequate number of customers worth catering to while segmenting the market.
 - II. The segment should be measurable for effective targeting.
 - III. The media selected should help in reaching the target segment most effectively.
 - IV. Each segment requires different marketing strategies because it responds to different strategies differently.
- (a) Only (I) above
 - (b) Only (II) above
 - (c) Both (I) and (III) above
 - (d) Both (II) and (IV) above
 - (e) (I), (II) and (III) above.
41. The resources of an organization along with its skills create unique competencies which can help the firm in identifying its cost or differentiation advantages and create value for the customers. The resources of the organization include(s) its [<Answer>](#)
- I. Brand value.
 - II. Technological know-how.
 - III. Patents and trademarks.
 - IV. Goodwill of the firm in the market.
- (a) Only (I) above
 - (b) Only (III) above
 - (c) Both (I) and (III) above
 - (d) (I), (II) and (III) above
 - (e) All (I), (II), (III) and (IV) above.
42. Intel is the largest manufacturer of microprocessors in the world. Though there are other players, they are very small in size and their credibility in the market is not as high as that of Intel. Therefore, most manufacturers of Personal Computers (PC) are dependent on this single powerful supplier of computer chips. Most standard personal computers run on Intel’s microprocessors. So, PC manufacturers have little choice but to use an Intel microprocessor. As a result, Intel is exerting which of the following forces of competitive advantages? [<Answer>](#)
- (a) The threat of new entrants
 - (b) The bargaining power of buyers
 - (c) The bargaining power of suppliers
 - (d) The rivalry among existing players
 - (e) The threat of substitute products.
43. Competition is classified into generic competition, form competition, industry competition and brand competition. Which of the following is **true** about “form competition”? [<Answer>](#)
- (a) It is a form of competition where all the companies compete for the same disposable income of the customers
 - (b) It is the one in which a company sees itself competing with all the other companies offering similar benefits
 - (c) It is the one in which a company competes with the same kind of products manufactured by other firms
 - (d) It is one in which a company competes with the companies offering similar products to the same consumer segments
 - (e) Hero Honda competing with TVS, Bajaj, Kinetic and all other companies producing motorcycles is an example of form competition.
44. The competitor’s reaction patterns to a firm’s competitive strategies should be observed continuously to attack in their vulnerable areas. Which of the following types of competitor does retaliate strongly to the slightest move of his competitors? [<Answer>](#)
- (a) Slow reactor
 - (b) Selective competitor
 - (c) Tough competitor
 - (d) Unpredictable competitor
 - (e) Immediate reactor.

45. Nestle India Ltd. (NIL) introduced the Maggi brand to Indian consumers when it launched Maggi 2 Minute Noodles, an instant food product, in 1982. NIL tried to create an entirely new food category, instant noodles, in India. Initially, the company targeted working women on the premise that Maggi noodles were fast to cook and hence offered convenience. However, this approach failed. After this, NIL shifted its focus from working women and targeted children and their mothers through its marketing. NIL's promotions positioned the noodles as a 'convenience product', for mothers and as a 'fun' product for children. The noodles' tagline, 'Fast to Cook Good to Eat' was also in keeping with this positioning. These advertisements had become so popular that the tagline 'Bas 2-Minute' immediately reminded Indian consumers of Maggi noodles even several years after the advertisements were taken off from the TV. What could be the reason behind NIL to opt for repositioning? [<Answer>](#)
- In order to match the need of Indian consumers who are conservative and whose food habits are different
 - Increasing the relevance to consumers as the earlier targeted segment did not turn out to be as attractive as forecasted
 - Differentiating Maggi from its competing brands like TopRamen, Heinz etc.
 - Increasing the occasions of usage by the working women and children
 - Making the brand unique in the cluttered market.
46. Which of the following is/are **true** about a market leader? [<Answer>](#)
- A market leader has a considerable market share, a significant presence in the industry and is acknowledged as the leader by other firms in the industry.
 - A market leader adopts the strategy of offensive attack against the market challenger to grab more market share.
 - A market leader usually focuses all his resources to efficiently serve a small market segment and thus gains the loyalty of customers in this segment.
- Only (I) above
 - Only (II) above
 - Only (III) above
 - Both (I) and (II) above
 - All (I), (II) and (III) above.
47. Which of the following represents the basic requirements that a customer finds essential to buy a product? [<Answer>](#)
- Generic products
 - Augmented products
 - Expected products
 - Potential products
 - Genetic products.
48. Reebok started selling its "high-top" canvas basketball shoes in different colors such as hot pink, lime green, and purple, to accompany their traditional colors of black and white. Which of the following strategies is adopted by Reebok for intensive growth? [<Answer>](#)
- Market penetration
 - Market development
 - Product development
 - Diversification
 - Breakthrough.
49. Consumer products are products that are used by the consumer for personal, family or household use. They are bought with the intention of satisfying individual or personal needs. Consumer products can be further divided into [<Answer>](#)
- Specialty products.
 - Convenience products.
 - Shopping products.
 - Unsought products.
- Both (I) and (II) above
 - Both (II) and (IV) above
 - Both (III) and (IV) above
 - (I), (II) and (III) above
 - All (I), (II), (III) and (IV) above.

50. Idea cellular limited came up with a new campaign in the same tagline of ‘what an idea!’. In this campaign, it is supporting the quality education for rural children. They are also funding for the development of rural education through its customer base. Which of the following can be cited as the **most** appropriate reason for Idea cellular to use such a strategy? [<Answer>](#)
- (a) The company plans to come up with a new service package especially for rural people
 - (b) They include societal interests in their marketing decisions to earn profits in the long run
 - (c) The market in which the company wanted to enter, children are the major customers
 - (d) The company adopts this as long term strategy to increase its sales in the rural market
 - (e) The company wants to target children who have a major influence on their parents in choosing a cellular service provider.
51. Based on the characteristics and intended usage, organizational products can be classified as production goods and support goods. Which of the following is/are the component(s) of production goods? [<Answer>](#)
- I. Raw material, Component parts.
 - II. Process material.
 - III. Capital equipment, business services.
 - IV. Accessory equipment, consumable supplies.
- (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.
52. The product mix is the set of all the products that an organization offers to its customers. It has a certain characteristic features like product width, length, depth and consistency. Which of the following is/are **true** regarding product width in a product mix? [<Answer>](#)
- I. Width of the product mix is the total number of product lines a company carries.
 - II. Width of the product mix is the total number of items in the product mix.
 - III. Width of the product mix is the assortment of sizes, colors and variation.
 - IV. Width of the product mix is the closeness exhibited by the product.
- (a) Only (I) above
 - (b) Only (II) above
 - (c) Both (I) and (II) above
 - (d) Both (II) and (III) above
 - (e) All (I), (II), (III) and (IV) above.
53. Which of the following statements is **true** about positioning the product in relation to product class? [<Answer>](#)
- (a) Positioning the product directly against the competitor
 - (b) Positioning the product by associating or disassociating it from a common class of products
 - (c) Positioning the product in relation to the target market
 - (d) Positioning the product by price and quality
 - (e) Positioning the product according to its brand.
54. Product Life Cycle (PLC) analysis is a very valuable tool in the hands of marketers. In the introduction stage of the product life cycle, marketers set the price, promotion, distribution and quality of the product as either high or low for a new product. Which of the following is **true** about “Slow skimming” strategy that can be adopted by the marketers in this stage? [<Answer>](#)
- (a) Using this strategy, marketers launch the new product at a higher price and low promotional level
 - (b) Using this strategy, marketers launch the new product at a higher price and higher promotional level
 - (c) Using this strategy, marketers launch the new product at a lower price and with higher promotional level
 - (d) Using this strategy, marketers launch the new product at a lower price and low promotional level
 - (e) This strategy is more successful when a large part of the potential market is unaware of the product.

55. The Product Life Cycle (PLC) concept helps in marketing decisions, but managers need to be aware of the limitations of the PLC. Which of the following statements regarding limitations of PLC is/are **not** likely to be **true**? [<Answer>](#)
- I. The sales of the products rise quickly and may decline at the same rate.
 - II. Increase in marketing activities like promotion may alter the shape of the product life cycle sales curve.
 - III. The Product life cycle outline the phases and give indication as regards to their duration.
- (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.
56. The image that a product produces in the minds of customers in comparison to the competitors' products and also in comparison to other products of the same company is referred to as [<Answer>](#)
- (a) Product positioning
 - (b) Brand positioning
 - (c) Image positioning
 - (d) Personnel positioning
 - (e) External positioning.
57. Positioning is undeniably a tough job, and if 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 that often generates negative attitude towards the brand. This phenomenon is known as [<Answer>](#)
- (a) Over positioning
 - (b) Under positioning
 - (c) Confused positioning
 - (d) Doubtful positioning
 - (e) Inside-out positioning.
58. An individual's attitude, value 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. Which of the following statements is **true** regarding the "Disclaimant reference group"? [<Answer>](#)
- (a) This is the reference group to which an individual does not hold any membership
 - (b) This 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) This is the group to which a person holds membership and has frequent interactions with other members of the group
 - (d) This is the group to which the individual does not hold any membership but desires to belong to that group
 - (e) This group includes religious groups, professional associations and trade unions with which the interaction of customer is formal and infrequent.
59. Which of the following would constitute the *potential product* for insurance companies? [<Answer>](#)
- (a) Insurance products
 - (b) Insurance education centers
 - (c) Bancassurance/financial services
 - (d) Client service
 - (e) Contractual agreement.
60. Big TV, a DTH satellite television service from ADAG (Anil Dhirubhai Ambani Group) wants to conduct a survey on the families having T.Vs in each and every locality of metros and their expectations from a cable network. And also, they want to study the user satisfaction with the cable network service existing in the locality. So they appointed a marketing research firm for the work. To a market researcher, which could be an ideal technique to collect data quickly and economically from a selected neighborhood? [<Answer>](#)
- (a) Census information from the Internet
 - (b) Sending mails through internet and post
 - (c) Personal interviews with neighborhood using questionnaire
 - (d) The local Chamber of Commerce
 - (e) An aerial survey of surrounding neighborhoods.

61. Products have been traditionally classified on the basis of their characteristics such as usage, durability and tangibility. Which of the following is/are the limitation(s) of product classification models? [<Answer>](#)
- I. A single product can be a consumer product as well as an individual product.
 - II. The perception of every customer is different from the other and so they do not categorize the products in the same manner.
 - III. Customers do not behave rationally all the time.
 - IV. There is scope for further classification.
- (a) Only (III) above
 - (b) Both (I) and (IV) above
 - (c) (I), (II) and (III) above
 - (d) (I), (III) and (IV) above
 - (e) All (I), (II), (III) and (IV) above.
62. Consumers pass through different stages before actually buying products. For less frequently purchased high priced products or while buying the product for the first time, the customers undergo five stages in the decision-making process. If Arvind is planning to purchase an air-conditioner and he has gathered information about the features and prices offered by different brands then, which is the next stage he has to undergo in buying process? [<Answer>](#)
- (a) Evaluation of the product performance
 - (b) Problem recognition
 - (c) Information search
 - (d) Purchase decision
 - (e) Evaluation of alternatives.
63. Industrial markets differ from consumer markets in a number of ways. The differences could range from the time spent in the purchase process to the number of people involved in it. Consumer markets and industrial markets are segmented on the basis of various factors. Industrial markets are generally segmented on the basis of which of the following characteristics? [<Answer>](#)
- I. Geographic, psychographic and demographic.
 - II. Operating variables and purchasing approach.
 - III. Situational factors and personal characteristics.
 - IV. Lifestyle, age, status and community.
- (a) Only (I) above
 - (b) Only (IV) above
 - (c) Both (I) and (II) above
 - (d) Both (II) and (III) above
 - (e) All (I), (II), (III) and (IV) above.
64. Organizational buying situations 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 in which a seller himself sells all the raw materials needed by a purchaser
 - (d) It is a process in which an organization selects only one supplier for all its raw material requirements
 - (e) It is a process where a purchasing manager buys goods that have been purchased earlier but changes specifications, quantity, delivery schedules, etc.
65. The US economy faced a state of depression from 1927 to 1933. During this period, the rate of unemployment was high, wages were very low, GNP dropped and people lacked confidence in the economy. In this situation, which type of measures might have been taken by the US government to eliminate the effect of depression? [<Answer>](#)
- I. Controlled the money supply.
 - II. Controlled savings of the people.
 - III. Controlled the expenditure through tax structure.
 - IV. Reduced prices.
- (a) Only (I) above
 - (b) Both (I) and (II) above
 - (c) Both (II) and (III) above
 - (d) Both (III) and (IV) above
 - (e) (I), (II) and (III) above.

66. The Knoxville-sentinel, a news magazine relies on a single source for the newsprint. With the single sourcing, it is easier to control the newsprint inventories, and there is only one supplier to check with. This is an example of [<Answer>](#)
- (a) Individual buying
 - (b) New task buying
 - (c) System buying
 - (d) System selling
 - (e) Modified Rebuy.
67. Organizations can use various techniques such as 'Material Requirement Planning' and 'Just-In-Time' to take organizational buying decisions. Identify the statement which best describes the reasons for using Material 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.
68. ITC purchases farm products like wheat, milk and sugar with the assurance that they are of best quality. It is more concerned about the price and quality of the product along with the service provided by the vendors to ensure better quality raw materials. This strategy is known as [<Answer>](#)
- (a) Reverse marketing
 - (b) Material requirement planning
 - (c) Procurement
 - (d) System selling
 - (e) System buying.
69. People involved in the organizational buying process play different roles in the purchase decision making process. Who among the following can be called as gatekeepers who control the flow of information into the organization? [<Answer>](#)
- (a) Foremen
 - (b) Scientists
 - (c) Human resources executive
 - (d) Telephone operators, receptionist and purchasing agent
 - (e) Managing director.
70. Musicworld, India's largest music store chain from RPG group is positioned as a company offering "good quality music at a low price". Musicworld also operates an excellent restaurant in each store and children entertainment programs. It has a membership program entitling members for special discounts on their purchases beyond the normal price. It sends catalogue mails to the members featuring the latest music in the store. Music world's strategy is **best** aimed at [<Answer>](#)
- (a) Increasing sales through discounts
 - (b) Trying to attain cost leadership
 - (c) Creating differentiated picture of Musicworld in the minds of customers
 - (d) Utilizing the empty floor space to carry on extra activities
 - (e) Making a dent in the hospitality market.
71. The design of the research plan determines the tools and techniques that are employed for conducting marketing research. Hindustan Lever Ltd. (HLL) is trying to find out whether the increase in sales of surf detergent powder over the previous year is due to the reduction in its price. Which of the following research designs would help managers to select a particular strategy? [<Answer>](#)
- (a) Sampling research
 - (b) Descriptive research
 - (c) Causal research
 - (d) Exploratory research
 - (e) Mechanical research.

72. Market research is conducted using either an internal team or external consultants. Decisions made on the basis of research usually find low level of acceptance within a company. Which of the following is/are the factor(s) that impede the acceptance of research decisions? [<Answer>](#)
- I. Managers are not clear about the objectives of the organization and therefore, cannot set the objectives of the research clearly.
 - II. Managers consider research is a systematic and formalized process.
 - III. Poor or ill-defined problems result in solutions, which are not effective.
 - IV. Managers may not coordinate their activities with research staff, as they may be unaware of the tools and techniques used in the research.
- (a) Only (I) above
 - (b) Only (III) above
 - (c) Both (I) and (II) above
 - (d) Both (II) and (IV) above
 - (e) (I), (III) and (IV) above.
73. Which of the following systems is developed through constant interaction with customers, dealers, and suppliers, and information fed in from trade related articles, journals, and various other such publications and also through constant monitoring of the competition and their strategies? [<Answer>](#)
- (a) Marketing decision support system
 - (b) Internal record system
 - (c) Marketing intelligence system
 - (d) Product management system
 - (e) Sales reporting system.
74. When access to a product or a service is restricted to a certain group of customers, even though others have an interest in the product, purchasing capacity and access to the market. This restricted market is referred to as the [<Answer>](#)
- (a) Potential market
 - (b) Qualified market
 - (c) Qualified available market
 - (d) Targeted market
 - (e) Qualified penetrated market.
75. Companies need to forecast their sales in order to function smoothly and to achieve their objectives. To estimate current and future demand for the product, they use estimates of market demand. Which of the following is/are **true** about the “Statistical demand analysis”? [<Answer>](#)
- (a) This method looks at the weighted average of past sales giving a higher weight-age to more recent sales
 - (b) This method determines the sales system using statistical tools by developing sets of equations
 - (c) This method determines the effect of factors such as marketing expenditure and the price of the product on its sales
 - (d) This method uses past sales information for projecting future sales patterns
 - (e) This method is used to measure marketing efforts with respect to its competitor.
76. 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 is an example of [<Answer>](#)
- (a) Pure Competition
 - (b) Oligopoly
 - (c) Monopoly
 - (d) Monopolistic Competition
 - (e) Perfect competition.
77. In the last few years, various automobile players like Bajaj, Kinetic and TVS had introduced large number of gearless scooter model with vibrant colors and light weight with an auto start batteries. Which of the following segments can these products be best said to be targeted? [<Answer>](#)
- (a) Single men
 - (b) Adults
 - (c) Women
 - (d) Senior citizen
 - (e) Young adults.

78. 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 and gain acceptance locally. As many Indians are habited to take only chicken, mutton and fish as a non-vegetarian dish and feel eating pork and beef is against to their religion. McDonald's which offers pork and beef in its menu world wide had to change its menu to suit local preferences. McDonald's had to change its menu because of [<Answer>](#)
- (a) Demographic environment
 - (b) Cultural environment
 - (c) Political environment
 - (d) Geographical environment
 - (e) Economic environment.
79. Selection or purchase of a particular brand is dependent on the evaluation criteria and ratings. This stage of buying decision process accounts for a large number of sub decisions. Which of the following statements is/are **not** the sub decisions of purchase decision? [<Answer>](#)
- I. Promotion of the product.
 - II. Time of purchase.
 - III. Delivery and warranty.
 - IV. Payment method like credit arrangements.
- (a) Only (I) above
 - (b) Only (II) above
 - (c) Both (I) and (II) above
 - (d) Both (II) and (III) above
 - (e) All (I), (II), (III) and (IV) above.
80. Sagas, an automobile gas kit supply company manufactures and assembles the gas kits for autorickshaws and four wheelers. It has a significant market share. It takes several safety measures in manufacturing gas kits. Though many of its competitors are using domestic LPG cylinders in assembling them to the vehicles to earn more profits, Sagas stressed on the customer safety and designed special quality devices to fill in the gas. Which of the following **best** explains Sagas intention? [<Answer>](#)
- (a) Sagas is very particular about not diluting its product line
 - (b) Sagas wanted to position the brand on safety
 - (c) Sagas expertise feel that manufacturing of the gas kits using their technology will earn more profits in the future
 - (d) Sagas want to tap the market first with good publicity that the company is concentrating only on safety and later they want to consider other options
 - (e) Sagas failed to attract the market by positioning the brand on any other benefit.
81. Perception is defined as the process by which an individual selects, organizes and interprets stimuli into meaningful thoughts and pictures. Perceptions of a person are affected by which of the following factors? [<Answer>](#)
- (a) Reality, sense and risk
 - (b) Lifestyle and family
 - (c) Reference groups and society
 - (d) Culture and subculture
 - (e) Social class and status.
82. Which of the following refers to the set of person's feelings and the way in which he/she reacts to a given idea or thought? [<Answer>](#)
- (a) Belief
 - (b) Attitude
 - (c) Perception
 - (d) Stimulus
 - (e) Motivation.

83. 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. IBM, the computer manufacturer, buys microprocessors from Intel. In the above example, which of the following role is played by IBM for Intel? [<Answer>](#)
- (a) Intermediaries
 - (b) User
 - (c) Original equipment manufacturer
 - (d) Industrial dealer
 - (e) Organizational dealer.
84. A manufacturer of exercise equipment has set its strategic goal to increase its market share by 5 percent during the next three years. In 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? [<Answer>](#)
- (a) Planning
 - (b) Implementation
 - (c) Control
 - (d) Mission setting
 - (e) SWOT analysis.
85. The information requirements for solving a business problem are identified in the problem formulation stage. In this stage, the sources from which information can be found are identified. Data for a research can be collected from two sources-primary and secondary. Which of the following research instruments is used to collect the secondary data? [<Answer>](#)
- (a) Mails
 - (b) Telephonic interviews
 - (c) Observation
 - (d) Company literature
 - (e) Personal interviews.
86. Which of the following research instruments is costlier than most other methods and also inherits drawbacks such as bias on the part of researchers as well as respondents and respondents' unwillingness to share confidential information? [<Answer>](#)
- (a) Observation
 - (b) Mail interview
 - (c) Telephonic interview
 - (d) Personal interview
 - (e) Questionnaire.
87. Internal record system provides information about the demand and supply, price factors, stock status, etc. Which of the following is/are the part(s) of internal record system? [<Answer>](#)
- I. Sales reporting system and marketing decision support system.
 - II. Order to payment and Sales reporting system.
 - III. Order to payment and marketing intelligence system.
 - IV. Marketing intelligence system and marketing decision support system.
- (a) Only (I) above
 - (b) Only (II) above
 - (c) Both (I) and (II) above
 - (d) Both (II) and (IV) above
 - (e) (I), (III) and (IV) above.
88. Behavioral segmentation is most suitable for product driven organizations. There are various variables for segmenting market on the basis of the purchase behavior of customers .Which of the following is a behavioral segmentation variable? [<Answer>](#)
- (a) Lifestyle
 - (b) Income
 - (c) Age
 - (d) Occasion
 - (e) Values.

89. Customers, who are not so brand specific and believes in impulse buying and try different brand products can be categorized as [<Answer>](#)
- (a) Switchers
 - (b) Shifting loyalty
 - (c) Split loyalty
 - (d) Down-Stench loyalty
 - (e) Up-Stench loyalty.
90. Most of Skoda's major suppliers, like Johnson Controls, Siemens, Peguform, and Meritor have set up their own plants in the Octavia factory complex to build a range of components. All the suppliers were linked to the central production control computer system, so that they knew the production sequence, and manufactured to suit the requirements of the moment. Skoda personnel worked closely with the suppliers to ensure that the quality and reliability of the components they supplied improved. Supplier motivation to participate in the quality improvement initiatives was kept high with the promise of opportunities to supply to Skoda. Which of the following **best** describes the reason for Skoda to be partnered with its suppliers? [<Answer>](#)
- (a) Skoda is trying to achieve an edge over competitors suppliers
 - (b) Skoda is trying to look for sources of competitive advantages beyond its own operations, into the value chains of its suppliers
 - (c) Skoda is trying to enforce its bargaining power
 - (d) Skoda is trying to enhance its inventory planning
 - (e) Skoda is trying to overcome the problem of shortage of raw materials.
91. In order to acquire a secure market share, companies can either offer their products at a low cost or try to gain cost leadership or differentiate their products in order to gain a competitive edge. Product differentiation is the process by which companies manufacture and design products in a way that makes customers perceive them as different from those manufactured by other companies. HLL changed its Lux toilet soap from bar to liquid and marketed it as a separate product. HLL has differentiated its product on the basis of [<Answer>](#)
- (a) Form differentiation
 - (b) Design differentiation
 - (c) Features differentiation
 - (d) Quality differentiation
 - (e) Reliability differentiation.
92. Which of the following refers to the process of establishing and maintaining a distinctive place in the market for an organization or its specific product offers? [<Answer>](#)
- (a) Profiling
 - (b) Profiling segmentation
 - (c) Segmentation
 - (d) Positioning
 - (e) Targeting.
93. The scope for differentiating products varies significantly. A product can be differentiated on the basis of design. Which of the following should be the characteristics of a product when the companies try to differentiate their product on the basis of design? [<Answer>](#)
- I. Functional.
 - II. Aesthetically pleasing.
 - III. Innovative.
 - IV. Change in the value.
- (a) Only (I) above
 - (b) Only (II) above
 - (c) Both (I) and (II) above
 - (d) Both (II) and (IV) above
 - (e) All (I), (II), (III) and (IV) above.

94. According to Kotler, a product line is too short if profits can be increased by adding new products to the existing line. And the product line is too long if profits can be increased by removing a few of the existing products. Which of the following is **not** the reason behind manufacturers opting for line filling? [<Answer>](#)
- (a) To reach incremental profits
 - (b) To satisfy sales and distribution people who complain about the missing items in the line
 - (c) To utilize the excess production capacity of the manufacturing unit
 - (d) To keep the competitors at bay
 - (e) To enter high end of the market.
95. Which of the following statements is **not true** regarding product mix? [<Answer>](#)
- (a) The width of the product mix 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
 - (c) The length of the product mix is the total number of items in that mix
 - (d) New product lines should be always related to the existing product lines
 - (e) Product consistency refers to the closeness exhibited by the product lines in production requirements.
96. Diversification strategy is adopted when there are vast growth opportunities in a specific industry. Which of the following is/are the reason(s) for the failure of the diversification process? [<Answer>](#)
- I. Management thinks in terms of related areas of business, which are normally saturated and do not offer any business potential.
 - II. Diversification opportunities in an industry become a target for group evaluation.
 - III. Companies devise customized strategies for diversification.
- (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.
97. A well defined process for satisfying customers and suppliers by aligning the different business models for organizational effectiveness, constant focus on development and innovativeness with dynamic organizational culture is referred to as [<Answer>](#)
- (a) Total quality management
 - (b) Competitive intelligence system
 - (c) Total quality force
 - (d) Cost leadership strategy
 - (e) Generic strategy.
98. According to Michael Porter, in which of the following circumstance(s) the bargaining power of buyers will be higher? [<Answer>](#)
- I. When 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.
99. Dove soap promotes its product on the amount of moisturizer present in it. Dove's brand positioning is based on [<Answer>](#)
- (a) Desirable benefits
 - (b) Strong beliefs and values
 - (c) Product attributes
 - (d) Customer wants
 - (e) Product durability.

100. Titan Industries Ltd., (TIL) is a leading manufacturer and marketer of watches, jewelry, eye wear, and other lifestyle products. Over the years, TIL launched several collections/ranges under the mother brand Titan. The collections of Titan added to the image of the mother brand. Dash positioned as an exclusive children's watch, Steel as an ideal for formal evenings with blue, black, and white dials with prominent markings, Sonata to the budget segment, Fastrack for the youth, Raga for women, with a distinct ethnic character and Nebula as classics in solid gold. This strategies would help Titan
- (a) To involve in individual marketing focusing on individual customers
 - (b) To understand the market trends
 - (c) To tap different segments of the market based on the geographical area
 - (d) To tap different segments of the market based on different consumer preferences
 - (e) To gain a share of the wholesale market.

END OF QUESTION PAPER

Suggested Answers

Marketing Management – I (MB1C1): January 2009

ANSWER	REASON	
1. C	The pure marketing concept overlooks the conflict between short-term wants and long-term welfare. Hence the answer is (c).	<TOP
2. D	<ul style="list-style-type: none"> • The belief that if the market for a product expands automatically, companies do not think imaginatively about how to expand the market. • The belief that by producing in large quantities, per unit output cost can be significantly reduced. • Preoccupation with a product that lends itself to carefully controlled scientific experimentation, improvement, and manufacturing cost reduction. <p>All the above statements lead to the belief that there are no substitutes for the industry's major products and this is a condition for obsolescence as a result of marketing myopia. The belief that there are substitutes for the industry's major products does not lead to marketing myopia. Hence the answer is (d).</p>	<TOP
3. C	Companies are now realizing that they need to focus on the activities in which they are strong, and outsource the remaining activities to other firms which have the required competencies. This is known as outsourcing. This helps organizations reduce their costs and improve organizational performance, and also leads to better utilization of organization resources. Hence the answer is (c).	<TOP
4. C	Companies changed from pushing products down to the customers and began attempting to fulfill customers' needs according to their preferences in Marketing era. Hence the answer is (c).	<TOP
5. B	Demand is price elastic i.e. as the price of service goes down the demand goes up, and income elastic i.e. when the income of the general population goes up, more people tend to travel by air. Hence the answer is (b).	<TOP
6. B	Procurement is not one of the primary activities. Its a support activity Hence the answer is (b).	<TOP
7. A	Standard Chartered Bank offers a global credit card to all its customers, while most of its competitors offer country specific cards. However, providing these benefits at a cost is an example of Providing value-cost balance to enhance the customer satisfaction. All other options don't provide customer satisfaction. Hence the answer is (a).	<TOP
8. D	In Proactive marketing the salesperson contacts the customer from time to time with suggestions about product usage for improving the product. Hence the answer is (d).	<TOP
9. C	Pure competition is the ideal structure in which large number of sellers competes to offer homogeneous/relatively similar products. Hence the answer is (c).	<TOP

10. B II. If there is sufficient overlap between the wants of both snowwhite and its buyers, a basis for transaction exists. [< TOP](#)
 III. The process of negotiation would lead to mutually acceptable terms or a decision not to transact.
 Are correct in the event of an exchange between snowwhite and its buyers. 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 Snowwhite 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. Regardless of the nature of exchange each party must be free to accept or reject any offer from the other party.
 Hence the answer is (b)
11. A In recession stage of the business cycle, jobs are slashed and consequently the willingness of people to spend money decreases considerably. Hence the answer is (a). [< TOP](#)
12. D Socio-cultural environment refers to the attitude, beliefs, norms, values and lifestyle of individual society. Hence the answer is (d) [< TOP](#)
13. B Gross profit margin shows the efficiency of the operations of a company. Hence the answer is (b). [< TOP](#)
14. E Asset turnover ratio is not a liquidity ratio. Hence the answer is (e). [< TOP](#)
15. E When the average cost increases with an increase in production volume, it is called diseconomies of scale Hence the answer is (e). [< TOP](#)
16. B Upper middle class consists of well-educated people holding top class positions in middle size firms, or professionals who are successful. These people have a strong drive for success and indulge in shopping for goods that speak of their social status Hence the answer is (b). [< TOP](#)
17. E Using the same product and promotion strategies in all markets is not a level of market segmentation. Hence the answer is (e). [< TOP](#)
18. B When international markets show similar tastes and preferences in smaller groups, they are segmented with the help of comparative cluster analysis. Hence the answer is (b). [< TOP](#)
19. C Marketers tend to segment products and services such as apparels, automobiles, travel, etc., on the basis of income groups. Titan industries is segmenting the customers on the basis of income. Hence the answer is (c). [< TOP](#)
20. B TTKPrestige offers an augmented product that exceeds customer expectations. It has gone beyond offering kitchen appliances online to providing services such as Grandma recipes and remedies, small kookie blog, cook for 20 in a jitty, kitchen tips and healthy living recipes. All this is beyond customer expectations. Hence, the product is an augmented product. [< TOP](#)
 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 Prestige is not limited to just sell kitchen appliances online.
 Option (e) is not the answer as there could be more added services or ideas that prestige can be converted into and the given information does not support the fact that Prestige represents all future transformations that the product can undergo.
21. D In the light of the above, option (b) is the answer. [< TOP](#)
 Sportspersons always like to buy trendy products while top managers usually buy formal wear to suit their lifestyle. It is because different people lead different lifestyles. Hence the answer is (d).

22. C According to Bonoma and Shapiro, organizational markets can be segmented on the basis of demographics, operating variables, purchasing approaches, situational factors, and personal characteristics. Psychographics is not a basis for segmenting the organizational market. [<TOP](#)
Hence the answer is (c).
23. D Segmenting the organizational markets on the basis of situational factors involves order fulfillment urgency, product application and finally the size of the order. [<TOP](#)
Hence the answer is (d).
24. E For effective segmentation, segmentation variables need to exhibit certain characteristics. They are [<TOP](#)
- Measurable.
 - Substantial.
 - Accessible.
 - Differentiable.
- Hence the answer is (e).
25. B Selective specialization is a process in which the company focuses its resources on a few market segments and develops its expertise in fulfilling the needs of those segments. Hence the answer is (b) [<TOP](#)
26. C Market specialization involves concentrating on the different needs of a customer group. Hence the answer is (c) [<TOP](#)
27. A Strategic planning involves answering questions such as where should the company be in the next five to ten years? Which are the markets it should serve? What are the products it should offer? i.e., It involves in helping an organization to gain a clear picture of its future such as long term sustainability, product strategy, brand strategy, sales strategy and promotion strategy. Hence the answer is (a). [<TOP](#)
Exploratory research is a type of research conducted to clarify the problem definition and prepare for additional research to prove or disprove the hypothesis.
Growth/share matrix is a portfolio analysis technique developed by the Boston Consulting group that categorizes SBUs for investment based on their current market share and the prospects for growth of their market.
A Business cycle is a predictable economic fluctuation that gives rise to four stages: prosperity, recession, depression and recovery.
Cycle analysis is a time series correction technique that adjusts forecasts for movements in the overall economy.
Hence the answer is (a)
28. A Igor Ansoff suggested a 'managed-resistance or accordion approach', in which a firm can employ a coercive strategy when there is a pressing need for change. [<TOP](#)
Hence the answer is (a).
29. E The corporate vision and mission paves the way for the creation of long-term and short-term objectives; the planned strategies are adopted to realize these objectives. The strategies adopted differ from company to company. However, there are five basic activities, which companies undertake. They are, setting the corporate mission, forming strategic business units (SBUs), allocating resources to each SBU, planning new business activities, and downsizing existing businesses. [<TOP](#)
Hence the answer is (e).
30. E Yes Bank does not like to attack the market leader and therefore operated in a small segment of the market in which the other leading banks are not interested. [<TOP](#)
As already the banking industry is cluttered with competition a new and late entrant like Yes bank will face tough time if he also enters into the same segment i.e., retail banking. So, Yes bank followed niche market strategy. It focused all its resources to efficiently serve a small market segment and thus gain the loyalty of customers in that segment.
Hence the answer is (e)

31. D A SBU can be successful if it possesses certain characteristics. Each SBU should be an individual business entity with an individual planning process. Each SBU should operate in a market where it has its own customers and competitors. And each SBU should be headed by a person who is responsible for its performance. [< TOP](#)
Hence the answer is (d).
32. C Question Marks – These business units are characterized by low market share and high growth rate. [< TOP](#)
Hence the answer is (c).
33. B If it plans to adopt a backward integration strategy, then it will produce its own raw materials by starting a dairy farm for milk, and producing wheat etc. [< TOP](#)
Hence the answer is (b).
34. C Firms generally face a threat from new entrants in an industry in which the entry and exit of players are free. Various entry barriers are economies of scale, product differentiation, high capital cost, cost disadvantages independent of scale, access to distribution channels, government policy, government restrictions, patents and proprietary knowledge, etc. [< TOP](#)
Relative price performance of substitutes is related to the threat of substitutes. Hence answer is (c).
35. B The statements in (I) and (II) are the market responses. Whereas statements (III) and (IV) are the company responses. Hence option (b) is the answer. [< TOP](#)
36. D The 7-S framework perceives culture as a function of seven parameters - , structure, systems, style, staff, skills, strategy, and superordinate goals. [< TOP](#)
Hence the answer is (d).
37. A Marketing opportunities have to be identified and developed quickly, even before the competitor senses them. Organizations that quickly transform marketing opportunities into successful products are termed as Virtual Marketing Organizations (VMOs). In such organizations, it is the responsibility of every employee to identify and analyze marketing opportunities. [< TOP](#)
Hence the answer is (a).
38. D Every company, while planning the marketing programs, should consider the marketing mix variables - product, price, place, and promotion. Each marketing mix variable in turn has several factors that have to be focused upon. The pricing factors are discounts, credit limits etc. [< TOP](#)
Hence the answer is (d).
39. C In the maturity stage, competition is fierce as many brands compete at the same time. Sales start declining and customers try out new products and substitutes. Therefore, each competitor tries to improve his product and highlight the product benefit. Hence the answer is (c) [< TOP](#)
40. A Statement (I) is true regarding the segmentation variable substantiality i.e. A marketer should take enough care to see that each segment consists of an adequate number of customers worth catering to while segmenting the market. Statement (II) and (III) are true in case of segmentation variables like measurability and accessibility. Statement (IV) is true in case of segmentation variable differentiability. Hence the answer is (a) [< TOP](#)
41. E The resources of the organization include its brand value, technological know-how, patents and trademarks, and the goodwill of the firm in the market. [< TOP](#)
Hence the answer is (e).
42. C An example of a powerful supplier is Intel, the world's largest manufacturer of microprocessors. Though there are other players, they are very small in size and their credibility in the market is not as high as that of Intel. Therefore, most manufacturers of personal computers are dependent on this single powerful supplier of computer chips. Most standard personal computers run on Intel's microprocessors. So, PC manufacturers have little choice but to use an Intel microprocessor. As a result, Intel has become the most powerful supplier in the industry. [< TOP](#)
Hence the answer is (c).
43. B *Form competition* is the one in which a company sees itself competing with all the other companies offering similar benefits. [< TOP](#)
Hence the answer is (b).

44. C The *tough competitor*, the third type, strongly retaliates to the slightest move of his competitors. [< TOP](#)
Hence then answer is (c).
45. B Option (B) is the right answer. Increasing the relevance to consumers as the earlier targeted segment did not turn out to be as attractive as forecasted. It is a strategy to Increase the relevance to consumer as the children like the taste of Maggi noodles and who were the largest consumers of the product. [< TOP](#)
As the brand has already created the awareness of the new food in the market i.e., the noodles which is new in India. Now it has to increase its sales in the fierce competition. As its earlier position strategy was not working it changed its positioning strategy. It found that children are the influencers in this segment that's why they want to target the children segment by using the new positioning strategy. Hence the answer is (b)
46. A A market leader has a considerable market share, a significant presence in the industry and is acknowledged as the leader by other firms in the industry. [< TOP](#)
Hence the answer is (a).
47. C Expected product: This represents the basic requirements a customer finds essential to buy a product. [< TOP](#)
Hence the answer is (c).
48. C The strategy for growth in the existing market for new product is known as product development strategy. A new product is an extension of product line and can be considered as a new product development. Hence the answer is (c). [< TOP](#)
49. E Consumer products are products that are used by the consumer for personal, family or household use. They are bought with the intention of satisfying individual or personal needs. Consumer products can be further divided into (I) convenience products, (II) shopping products, (III) specialty products and (IV) unsought products, based on the purchasing habits of the consumer. However, no two consumers behave in the same way while purchasing a particular product because every consumer thinks differently. [< TOP](#)
Hence the answer is (e).
50. B The customer and the society are interrelated: therefore, whatever the company offers to the customer has a direct bearing on the society. That's why now-a-days every company is concentrating on societal marketing concept. In this case the Idea cellular ltd. is also supporting rural education as a societal marketing strategy for its promotion. Hence the option (b) i.e., They include societal interests in their marketing decisions to earn profits in the long run is true. They may think that unless they include societal interests in their marketing decisions, they will not be able to make profits in the long run. [< TOP](#)
Option (a) is not right because for launching a new product/service for the rural people there is no use of concerning about rural children education.
Option (c) is not right because cellular service is not a children's product
Option (d) is not right because in the advertisement they are not at all explaining about any service features
Option (e) is also not right because in the purchasing decision of cellular services the involvement of children is very less.
Hence the answer is (b).
51. C Production goods are goods that are used solely for the production of a manufacturer's products. They are further divided into (a) raw material, (b) component parts and (c) process materials. [< TOP](#)
Whereas support goods are the products that facilitate the process of production. They do not become a part of the final product. They are further divided into capital equipment, accessory equipment, consumable supplies and business services.
Hence answer is (c).
52. A Product width is the total number of product lines a company carries. Hence the answer is (a). [< TOP](#)
53. 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](#)

54. A *Slow skimming*: This strategy calls for launching the new product at a higher price and a low promotional level. This strategy is feasible when the market is aware of the product, the market size is limited, competition is not intense and the customers are ready to pay a higher price for the product. Hence the answer is (a). [<TOP](#)
55. B 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. Hence the answer is (b). [<TOP](#)
56. 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](#)
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. Hence the answer is (d) [<TOP](#)
58. B Disclaimant reference group: This 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. He tries not to be influenced by the attitudes, values and behavior of the members of this group. Hence the answer is (b) [<TOP](#)
59. B Insurance education centers constitute the “potential product” for insurance firms. Potential product refers to what the product can be in future. (a) Insurance products refer to the basic product. (c) Client service refers to the expected product. (d) Bank assurance/financial services refer to the augmented product. (e) A contractual agreement is a part of the basic product. Hence the answer is (b). [<TOP](#)
60. C Personal interviews with neighborhood using questionnaire. The best way in which research firm 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 any other information gathering tool. Hence option (c) is the right option. Option (a) is not suitable tool because in census information the research firm can only know the number of families in a locality but their preferences can not be determined. Option (b) is also not a suitable tool because the response rate to a mail survey will be very poor Option (d) using a local chamber of commerce is also not a right option because the information which they have may not be viable and they may also not provide the information. Option (e) is not relevant for this kind of information gathering. Hence the answer is (c). [<TOP](#)
61. C The following are limitations of the product identification model: [<TOP](#)
- I. A single product can be a consumer product as well as an individual product.
 - II. The perception of every customer is different from the other and so they do not categorize the products in the same manner.
 - III. Customers do not behave rationally all the time. There is no basis to say that the classification is not adequate and there is scope for further classification.
- (IV) cannot be considered as a limitation. Hence the answer is (c).
62. E As he is having all the information about the features and prices offered by the brands now he has to evaluate the alternative in order to select which brand Air-conditioner he has to purchase. Hence the answer is (e). [<TOP](#)
63. D Industrial or organizational markets are usually segmented on the basis of factors such as operating variables, purchasing approaches, situational factors and personal characteristics. Hence the answer is (d). [<TOP](#)
64. 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. Hence the answer is (e). [<TOP](#)

65. E Statements (I), (II) and (III) are the right steps to take in this situation. [< TOP](#)
 In the given situation US economy is in depression stage. i.e., there is a stage of intense recession, the rate of the unemployment is high, wages are very low, GNP dropped and the people lack confidence on the economy. In this stage the government has to take the following steps:
 I. Controlled the money supply.
 II. Controlled savings of the people.
 III. Controlled the expenditure through tax structure.
 Hence the answer is (e).
66. C System buying is a process in which an organization selects only one supplier for all 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 (c). [< TOP](#)
67. 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 avoid buying too much or too little of the raw material. Hence the answer is (d). [< TOP](#)
68. A Reverse marketing is a process in which 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. Hence the answer is (a). [< TOP](#)
69. D People who control the flow of information into the organization are termed gatekeepers. Employees such as the telephone operator and the .receptionist are the potential gatekeepers of an organization. They control the flow of information from the suppliers to the buyers. Hence the answer is (d). [< TOP](#)
70. C Musicworld tried to position its store as a multi facilitate store in the mind of the customers. Hence the answer is (c). [< TOP](#)
71. C In causal research, the cause and effect relationships between two variables are analyzed. This research helps managers select a particular strategy. Hence the answer is (c). [< TOP](#)
72. E Statement (II) i.e., Managers consider research is a systematic and formalized process is not a factor that impedes the acceptance of the research decision. As the research should be conducted in a systematic and formalized process only and they wish to conduct the research in that process only to get best results. Hence the answer is (e). [< TOP](#)
73. C The marketing intelligence system is developed through constant interaction with customers, dealers, and suppliers, and information fed in from trade related articles, journals, and various other such publications and also through constant monitoring of the competition and their strategies. Hence the answer is (c). [< TOP](#)
74. C When access to a product or a service is restricted to a certain group of customers, even though others have an interest in the product, purchasing capacity and access to the market, this restricted market is referred to as the qualified available market. Hence the answer is (c). [< TOP](#)
75. C Statistical demand analysis determines the effect of factors such as marketing expenditure and the price of the product on its sales. Hence the answer is (c). [< TOP](#)
76. D In monopolistic competition there are many players competing with each other and hold small market share which is shown in the example were as (a),(b),(c),(e) are other competitive structures. Hence the answer is (d). [< TOP](#)
77. C Light weight vehicles and bright colors with auto start are basically preferred by the women. Hence the answer is (c). [< TOP](#)
78. B As per the example McDonald has to change menu because of the cultural diversity since its non-vegetarian menu initially had certain items which is not acceptable in Indian society. Hence the answer is (b). [< TOP](#)

79. A Purchase decision accounts for a large number of sub decisions about purchasing a product like [<TOP](#)
- Seller and location of the store
 - Time of purchase
 - Size of the product, color and attractiveness of the package
 - Price of the product.
 - Delivery and warranty
 - Payment method like credit arrangements
 - Ancillary services offered, like installation and maintenance arrangements.
- Therefore statement (I) is the wrong stage of sub decision in purchase decision. Therefore option (a) is not a correct statement.
80. B Sagas is promoting the brand on only one benefit i.e., safety. Though it's risky to tap the market on one benefit but its Unique Selling proposition for Sagas. Hence the answer is (b). [<TOP](#)
- There are no other products from Sagas so there is no issue of product dilution. Hence the option (a) is not the right answer.
- Option (c) is also wrong because in the case it is mentioned that it is costlier than its competitor's products and in the long run also it will not change the final price.
- Option (d) is also wrong because, If the company initially taps the market with safety as its USP and later if it neglects that then there will be a negative publicity in the market.
- Option (e) is also wrong because, it has a significant market share but it doesn't want to risk customer safety for its profits. Hence the answer is (b).
81. A Perceptions of a person are affected by reality, sense and risk. Hence the answer is (a). [<TOP](#)
82. B Attitude is the set of feelings and the way in which a person reacts to a given idea or thought. Hence the answer is (b). [<TOP](#)
83. C Original equipment manufacturers buy industrial products and incorporate them into their final products Here, IBM buys micro processors from Intel, therefore IBM is an OEM for Intel. Hence the answer is (c). [<TOP](#)
84. C 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. Hence the answer is (c). [<TOP](#)
85. D Company literature is an internal source of data. This is an instrument to collect secondary data. Hence the answer is (d). [<TOP](#)
86. D Personal interview 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. Hence the answer is (d). [<TOP](#)
87. B Internal record system consists of two parts: Order to payment cycle, sales reporting system. Hence the answer is (b). [<TOP](#)
88. D Various variables for segmenting market on the basis of the purchase behavior of customers are occasions, benefits, user status, usage rate, loyalty, etc. While lifestyle and values belongs to psychographic and income, age belongs to age and life cycle stage. Hence the answer is (d). [<TOP](#)
89. A Customer, who are not so brand specific and believes in impulse buying and trying the different brand products are categorized as switchers. Hence the answer is (a). [<TOP](#)
[>](#)
90. B Skoda is trying to look for competitive advantages beyond its own operations, into the value chains of its suppliers. Every firm has its unique value creating and value delivering network. Apart from its value chain, 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](#)
[>](#)
- Option (a), (c) (d) and (e) are not appropriate in particular scenario. Hence the answer is (b).

91. A Products can be differentiated base on their form i.e. size, shape and other physical attributes of the product. Product form is the sum total of the physical attributes of a product. HLL changed the form of its Lux toilet soap from bar form to a liquid form and marketed it as a separate product. Hence the answer is (a). [<TOP](#)
[>](#)
92. D Positioning uses all elements of the marketing mix to establish in the minds of customers and potential customers how a product differs form its competitor. Hence the answer is (d). [<TOP](#)
[>](#)
93. E All of the following should be the characteristics of a product when the companies differentiate their product on the basis of design:
I. Functional.
II. Aesthetically pleasing.
III. Innovative.
IV. Change in the value.
Hence the answer is (e). [<TOP](#)
[>](#)
94. E Line stretching is opted to enter the high end of the market
Line filling is opted for line filling to reach internal profits, to satisfy sales and distribution people who complain about the missing items in the line, to utilize the excess production capacity of the manufacturing unit, to keep the competitors at bay.
Hence the answer is (e). [<TOP](#)
[>](#)
95. D Option (d) is not true as the new product lines may be related or unrelated to the existing product lines
All the remaining statements are true i.e.,
The width of the product mix is the total number of product lines a company carries.
The depth of a product mix is the assortment of sizes, colors and variations offered for each product.
The length of the product mix is the total number of items in that mix.
Product consistency refers to the closeness exhibited by the product lines in production requirements.
Hence the answer is (d). [<TOP](#)
[>](#)
96. C The reasons for the failure of diversification process are management think in terms of related areas of business, which are normally saturated and do not offer any business potential and diversification opportunities in an industry become a target for group evaluation. Statement (III) Companies devise customized strategies for overcoming the reasons for failure of diversification process.
Hence the answer is (c). [<TOP](#)
[>](#)
97. A Total quality management is essentially the constant striving to produce what the customers want by carefully eliminating defects prior to and after the products has been delivered. Hence the answer is (a). [<TOP](#)
[>](#)
98. 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. Hence the answer is (d). [<TOP](#)
[>](#)
99. 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](#)
[>](#)
100. D Titan segmented strategy will help it to tap the market which is depend upon the tastes of different segments. Since by doing so Titan could able to target the people with different preferences.
Hence the answer is (d). [<TOP](#)
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