Multiple Choice
Identify the choice that best completes the statement or answers the question.

1. Which of the following is the BEST example of an internal stimulus that would create need recognition?
   a. a friend comments on how shabby your coat looks
   b. a radio station runs an ad for a new video game rental store
   c. a headache
   d. an invitation to a graduation for which you need a gift
   e. a billboard promoting a new national Internet service provider

2. Alanna is looking into purchasing a scooter as gas prices continue to rise. She needs a reasonably-priced, comfortable, and safe, scooter with room to store her books. She is not familiar with these products and this is a major purchase for her. Purchasing a scooter will probably involve:
   a. low-Involvement problem solving
   b. low-involvement decision making
   c. extensive decision making
   d. limited decision making
   e. dedicated cognitive behavior

3. Kim places huge importance on what she wears to sing in front of her church and therefore takes her time to shop for the right clothes and shoes. This is due to the:
   a. opportunity costs
   b. fear of cognitive dissonance
   c. situational factors
   d. social visibility of the products
   e. cost of the products

4. The fact that mothers in Japan feed their babies freeze-dried sardines and rice and most mothers in the United States would not eat a freeze-dried sardine, much less feed it to their babies, indicates how _____ influences the consumer decision-making process.
   a. culture
   b. perception
   c. motivation
   d. family life-cycle stage
   e. reference group membership
5. Jackie and Kevin like to eat at high end restaurants where they can sit and enjoy their meal without rushing. An ad showing food created “fast from a can” would be appealing to Jackie and Kevin’s _____ reference group.
   a. nonaspirational
   b. direct reference
   c. membership
   d. integrated
   e. aspirational

College Decision
Juan is a senior in high school and is deciding which university to go to after he graduates. He received several pieces of mail from local universities with information on scholarship opportunities because he has a good GPA and a high ACT score. He and his parents have visited several schools and talked to advisors regarding his chosen major, marketing. Juan is thinking about going to the local community college where all of his friends plan to go, but his parents want him to go to a more prestigious school because they think he will get a better education there.

6. Refer to College Decision. Juan has narrowed his decision down to three schools. These schools comprise Juan’s _____ set.
   a. primary
   b. elite
   c. exclusive
   d. awareness
   e. evoked

7. Refer to College Decision. One person who Juan has seeking advice from is his guidance counselor, Mr. More, at school. Mr. More is respected by students and parents alike and knows a lot about the schools Juan is considering. Mr. More can be considered a(n):
   a. influencer
   b. decider
   c. opinion leader
   d. gatekeeper
   e. market maven

8. Refer to College Decision. Juan’s parents and friends would be classified as _____ factors influencing his decision.
   a. cultural
   b. social
   c. individual
   d. psychological
   e. primary

9. Redbook magazine targets what it calls “Redbook jugglers,” defined as 25- to 44-year-old women who must juggle family, husband, and job. According to a Redbook ad, “She’s the product of the ‘me generation,’ the thirty-something woman who balances home, family, and career—more than any generation before her, she refuses to put her pleasures aside. She’s old enough to know what she wants. And young enough to get it.” This is an example of _____ segmentation.
   a. demographic and psychographic
   b. benefit desired and usage rate
   c. geodemographic and benefit desired
   d. demographic and usage rate
   e. benefit desired and demographic
10. Clearing Skies Press published a book by Robert Ruark entitled *Keeping the Baby Alive Till Your Wife Gets Home*. It is an advice book for new fathers. What demographic variables have been used to define the market for this book?
   a. benefit desired and lifestyle
   b. gender and family life-cycle stage
   c. age, gender, and personality
   d. benefit desired and gender
   e. usage-rate and lifestyle

11. Karry-Lite, the manufacturer of lightweight suitcases with wheels, uses as its slogan, "Takes the 'lug' out of luggage." This slogan illustrates the use of _____ segmentation.
   a. geodemographic
   b. benefit
   c. functional
   d. usage-rate
   e. feature-based

12. Candace Popwell makes and markets Festive Holiday Truffles candy. The confectionary company owner views the world as one big market with no individual segments and tries to reach it with only one marketing mix. Her essentially mass-market philosophy indicates she probably uses a(n) _____ strategy.
   a. multsegment targeting
   b. universal product
   c. concentrated targeting
   d. undifferentiated targeting
   e. product differentiation

13. Tall Paul's designs and sells household furniture and furnishings to people who are over 6'6" tall—a rather small target market. Tall Paul's uses a(n) _____ targeting strategy.
   a. benefit
   b. undifferentiated
   c. multsegment marketing
   d. universal product code
   e. concentrated

14. Pharmaceutical firms have introduced new over-the-counter antacids that block the production of stomach acids while still marketing traditional antacids. Traditional antacids treat heartburn by neutralizing stomach acid. If sales of the new acid blockers reduce sales of the traditional antacids, then _____ has occurred.
   a. demarketing
   b. cannibalization
   c. undifferentiation
   d. repositioning
   e. perceptual confusion
15. There are a number of devices that parents can buy to prevent their children from hearing objectionable language while they watch television. ProtecTV is the only product of its kind that has an expandable dictionary. Parents can add words and phrases they find offensive, and the additional words will be deleted from soundtracks and captioning. ProtecTV uses a(n) _____ strategy.
   a. repositioning
   b. demarketing
   c. market integration
   d. undifferentiated targeting
   e. product differentiation

Wrestling Merchandise

Market research has shown that 6- to 17-year-old males, 18- to 24-year-old females, and 18- to 44-year-old males are most likely to watch a televised professional wrestling event or to attend a live match. Wrestling events are regularly broadcast in 120 different countries. Merchandise licensed by World Wrestling Entertainment (formerly known as the World Wrestling Federation) can be purchased at JCPenney and Wal-Mart. Clothes for adults are used to reach markets that may not buy action figures, video games, and novelty candy, but who are still proud to sport World Wrestling Entertainment (WWE) trademarks.

16. Refer to Wrestling Merchandise. Since the WWE must use different methods to reach its three largest target markets, it must use:
   a. undifferentiated targeting
   b. concentrated or niche targeting
   c. multisegment targeting
   d. demarketing
   e. repositioning

17. Refer to Wrestling Merchandise. Prior to the 1990s, professional wrestling tried to compete as a legitimate sport just like football and baseball. Now it uses the term "sports entertainment" when talking about what it is marketing to its fans. This is an example of the implementation of a(n) _____ strategy.
   a. multisegment
   b. product differentiation
   c. undifferentiated marketing
   d. target market
   e. repositioning

18. Refer to Wrestling Merchandise. Most Wrestling fans live in the southern United States. Based on this information, what segmentation base would be appropriate?
   a. geographic
   b. demographic
   c. psychographic
   d. product use
   e. benefit sought
19. Apple Computer Inc. recently dropped the “Computer” from their name to become Apple Inc. This was a part of the company’s _____ away from simply being perceived a computer company.
   a. quality modification
   b. aesthetic modification
   c. demarketing
   d. repositioning
   e. functional extension

20. At one point Heinz made ketchup in multiple colors including red, green, purple, pink, orange, and teal. While they were popular for a few years, consumers stopped buying the unusual colors and Heinz has dropped back to just making red ketchup. This is an example of the implementation of a _____ strategy.
   a. repositioning
   b. cannibalization
   c. product line extension
   d. product line contraction
   e. divestment

21. Wal-Mart sells many health and beauty aid products under the name, Equate. This brand can only be purchased in Wal-Mart stores and is an example of a(n) _____ brand.
   a. manufacturers'
   b. International
   c. family
   d. private
   e. corporate

22. Heinz is a leading global food manufacturer. It manufactures and markets Farleys (baby food), Jack Daniel’s Sauces, and Weight Watcher’s Foods (diet/slimming meals and supplements). The use of these brand names instead of the Heinz name is an example of a(n) _____ branding strategy.
   a. individual
   b. synergistic
   c. umbrella
   d. family
   e. piggyback

23. Most people recognize Butterball as a brand of turkey, but Butterball brand is also found on fresh turkey breast cuts, turkey sausages, ground turkey, lunchmeat cold cuts, fresh marinated bone-in, boneless, and whole chicken, frozen chicken products, and Butterball stuffing and gravy mixes. Butterball uses:
   a. dealer branding
   b. brand grouping
   c. family branding
   d. generic branding
   e. cobranding
24. Maureen purchased a package of Bounce fabric sheets with Febreeze citrus scent. Since both brands were prominently listed on the package, this would be an example of:
   a. equity branding
   b. cobranding
   c. conjunctive branding
   d. private branding
   e. complementary branding

25. Jennifer purchased Cascade 2in1 ActionPacs for her dishwasher. The packaging said the product combines the scrubbing power of Cascade with the grease fighting power of Dawn dishwashing detergent. What type of cobranding does this product represent?
   a. cooperative
   b. complementary
   c. piggyback
   d. ingredient
   e. synergistic

26. Butterball, a well-known brand of turkey, advertised Ocean Spray cranberry sauce in its magazine ads and depicted suggested usage with its turkey. This is an example of which type of cobranding?
   a. ingredient
   b. complementary
   c. family
   d. captive
   e. product-use

Nestle

When consumers think of Nestle, they probably think of chocolate. Historically, though, Nestle’s confectionary business is its weakest area. Based in Switzerland, it is the world’s largest food company, with a brand arsenal of Nescafe, Jenny Craig, Perrier, Purina, and PowerBar, just to name a few of its 30 product lines. Nestle is hoping to become the “world’s leading health, nutrition, and wellness firm” by spending billions of dollars on research and development of functional foods—foods that have pharmaceutical-like capabilities to enhance energy and heart, bone, gut, and other health. Nestle wants consumers to see chocolate as a pharmaceutical product rather than just a treat. Part of this new focus includes streamlining their product mix by selling underperforming items or lines that do not fit its new direction. Critics claim this new focus could hurt the company’s existing brands if the new products fail. Additionally, it may be an uphill battle convincing consumers that a company known for indulgence is now a wellness company.

27. Refer to Nestle. Nestle’s quest is to make some of its existing products more nutritious and provide a health benefit. This is an example of which type of product modification?
   a. style modification
   b. extensive modification
   c. brand modification
   d. ingredient modification
   e. functional modification
28. Refer to Nestle. One new product Nestle intends to introduce includes fiber added to chocolate. The packages will include the fact that each chocolate bar contains 5 grams of fiber and the various health benefits of including more fiber in one’s diet. Which form of labelling will this perform?
   a. persuasive
   b. informational
   c. regulatory
   d. competitive
   e. perceptive

29. For years, Diet Dr. Pepper has been considered a diet drink. After declining sales, the company is attempting to present Diet Dr. Pepper as an alternative to having a dessert. This is an example of a ______ strategy.
   a. discontinuous innovation
   b. niche
   c. new-product-line
   d. retargeting
   e. repositioning

30. After the research team at Nabisco had generated more than two dozen new-product ideas for a substitute for partially hydrogenated oils that tastes the same but has zero trans fat, the company formed a committee to analyze whether the product ideas were consistent with the organization’s new-product strategy. This is called:
   a. business analysis
   b. diffusion
   c. idea screening
   d. test marketing
   e. idea generation

31. After Mattel evaluated many new products to add to its Barbie product line and before any prototype was created, the toy manufacturer instructed a committee to select three of the ideas to present to a group of consumers. The consumer group was asked to evaluate the three product ideas in terms of their marketability. This stage of new-product development is called:
   a. prototype screening
   b. concept testing
   c. market testing
   d. idea manipulation
   e. idea diffusing

32. The process by which the adoption of 3-D high-definition televisions spreads is an example of:
   a. test market
   b. diffusion
   c. product dissemination
   d. innovative dispersal
   e. marketing communication
33. Which of the following products has the lowest level of trialability?
   a. an Internet chat room
   b. low-fat ice cream
   c. surgically implanted hearing aids
   d. organic pet food
   e. a new air freshener

34. B.F. Goodrich has been manufacturing and marketing automotive tires for over one hundred years. It spends much of its marketing budget on short-term promotions aimed at stealing market share from Goodyear, Dunlap, and other tire manufacturers. From this information, you should know tires are in the ______ stage of their product life cycle.
   a. maturity
   b. growth
   c. saturation
   d. decline
   e. development

35. You are a product manager for a manufacturer of trampolines. You have determined that the trampoline is in the maturity stage of the product life cycle. To keep your product from entering the decline stage, you should:
   a. use promotion to increase primary demand for trampolines
   b. abandon peripheral target markets for trampolines
   c. raise the price of your trampolines because customers are not price sensitive in this stage
   d. eliminate all unnecessary marketing expense
   e. promote trampolines heavily to dealers and customers

Going to the Dogs

Demand for pet services is greatly increasing across the United States. In fact, Americans will spend nearly $44 billion dollars on their pets this year. Many American dog owners are seeking out "doggy daycares" that are more like a resort or spa than an ordinary kennel for their canine companion. Daycare services for dogs now include toy rooms, outside play areas, doggie massages, treadmills, swimming pools and cushy beds for nap time. Pet owners can watch their pets via a Web cam and some doggy daycares have a phone where owners can talk to their dog when they feel their pet needs to hear their voice. Rates vary from $20 to $45 a day per pet, depending on the amenities that the pet owner chooses.

36. Refer to Going to the Dogs. The doggy daycare center is more like a dog resort than a dog kennel. A dog daycare represents what type of new product?
   a. competitive innovation
   b. discontinuous innovation
   c. new product lines
   d. revision to an existing product
   e. higher-priced product
37. Refer to Going to the Dogs. Central Bark Doggie Day Care currently has 31 locations, with a new Gainesville, FL location coming soon. With the opening of competition in the form of Camp Bow Wow and others, it appears that the dog daycare product is moving into the _____ stage of the product life cycle.
   a. commercialization
   b. introductory
   c. growth
   d. maturity
   e. decline

38. Laura buys supplies for her catering business at a retailer that stocks a limited selection of items, which are sold in bulk on a cash-and-carry basis to members only. As she browses through a huge store, she buys flour, a set of muffin pans, and a package of paper towels as well as an assortment of fresh produce. Laura is most likely shopping at a(n):
   a. off-price discount retailer
   b. factory outlet
   c. industrial supply warehouse
   d. warehouse membership club
   e. wholesale outlet

39. The Mad Stencilist has decided to demonstrate how to use its products to create custom gift tags on a local cable television channel and encourage shoppers to call a toll-free number to purchase the merchandise with a credit card. This form of retailing is called a(n):
   a. in-store electronic shopping
   b. videotex
   c. shop-at-home network
   d. electronic point of sale
   e. catalog viewing

40. Maggie Moo's has decided that consumers will drive out of their way for the store's yummy ice cream offerings. The owner needs to keep his overhead costs (such as rent) low and wants to avoid locating near competitors. For a location, Maggie Moo's should open in a:
   a. factory outlet
   b. strip center
   c. freestanding store
   d. shopping center
   e. regional mall
Wal-Mart

Wal-Mart, the world's largest retailer by revenue, announced that it will get back to its founder's roots by initiating more price cuts. Critics claimed that the giant was getting away from its original focus because it posted relatively high gross profit margins. CEO Mike Duke assured critics by saying Wal-Mart's $400 billion in sales will become even larger because the price cuts will attract more customers and it will lower its costs of goods sold.

41. Refer to Wal-Mart. Wal-Mart's gross margin is the:
   a. total sales from all of its stores worldwide
   b. amount of money it makes as a percentage of sales after the cost of goods sold is subtracted
   c. amount of money it makes as a percentage of sales before taxes
   d. amount of money it makes as a percentage of sales after all costs are subtracted
   e. net profit it earns after all expenses and taxes are subtracted

42. Refer to Wal-Mart. Which type of pricing strategy describes Wal-Mart's commitment to offer consistently lower prices?
   a. high-low pricing
   b. everyday low pricing
   c. promotional pricing
   d. prestige pricing
   e. marginal pricing

Apple Stores

Apple Inc. opened its first Apple Store in 2001 and currently has hundreds of stores spanning several countries. Many of the Apple Stores are inside malls, but Apple also has several free standing stores they call their flagship stores, with each looking a little different on the outside. These are located in New York City, Boston, Los Angeles, Chicago, San Francisco, Montreal, Tokyo, and Osaka.

The store in New York City is a glass cube with a glass cylindrical elevator and spiral staircase that leads to an underground store. Inside they have long tables displaying products ranging from the iMac, MacBook Air, iPods, printers, cameras, and other accessories. All these products are accessible to customers who can try them out and ask various questions of informed associates. The walls are mostly metallic and the signs are all backlit.

All stores have a Genius Bar where a customer can receive technical advice or set up service and repair for their products. To address the needs of the many iPod users, some stores, such as the New York store, have set up a separate iPod Bar where customers can get their own technical assistance. They also have an iMac station for kids who want to try out games and learning products and a theatre for workshops, product training sessions and special presentations.

Apple introduced the handheld Easy Pay system where customers don't have to wait in line to purchase products and with a simple click of a paperless, handheld credit card scanner, the employee brings the cash register to the customer. Items can be rung up anywhere on the show room floor. Apple plans to open several more stores in the years to come.

Apple also has its online store. At its web site a customer can order any Mac or iPod product, plus a large variety of accessories. In addition to its product offerings, a customer can watch a demonstration of how products work or check out the latest Mac ads or news.
43. Refer to Apple Stores. What method of nonstore retailing does Apple take advantage of through the use of its Web site?
   a. Telemarketing
   b. automatic vending
   c. direct mail
   d. catalogs and mail orders
   e. electronic retailing

44. Refer to Apple Stores. Some shoppers purposely plan to visit the Apple store on Fifth Avenue in New York City, which is characteristic of:
   a. generator stores
   b. lifestyle stores
   c. interactive stores
   d. m-stores
   e. destination stores

45. Refer to Apple Stores. Apple has the Genius Bar, the backlit signs, the Apple products themselves, the modern metallic walls and spiral staircases in its stores. These are all work together to convey the store’s _____.
   a. impression
   b. environment
   c. atmosphere
   d. surroundings
   e. elements

46. Refer to Apple Stores. The Genius Bar where customers can ask questions of knowledgeable personnel is an example of getting consumers involved in the retail experience, also known as _____.
   a. product
   b. presentation
   c. m-commerce
   d. interactivity
   e. elements

Essays – Next pages
47. Assume you have decided to purchase a new automobile. Then name the two types of external information sources. Information sources you might use.

Marketing - You may look at advertisements in a car magazine or the internet on websites or other marketing venues.

Non-Marketing - You might ask your friends or family and you could look into consumer reports.

In buying a new car, you would think back on past experiences or what you have in your memory. You might think back to what you had in the past that worked or what you didn't like.
48. Draw and label the sales line and the profit line of the product life cycle in the following diagram. Indicate the names of the four stages of the product life cycle. Describe each stage in terms of the promotion strategy.

![Diagram of product life cycle]

1. **Introductory** - A new product has emerged and the need for attention is high. You must get your product attention and give a good presentation.

2. **Growth** - Your product made it through the intro stage and you are building faster. You need to continue marketing since new products are now in the works against your product.

3. **Maturity** - Your product is doing well and the market is being saturated. New products like yours are now out and the need to market is great.

4. **Decline** - Your product has reached its peak and other products are replacing yours. Popularity or usefulness has all but gone away.