

**FINALTERM EXAMINATION**

**Spring 2010**

**MGT301- Principles of Marketing (Session - 3)**

**Shared by BlackMist,**

**Rechecked by Marina khan**

**Question No: 1 ( Marks: 1 ) - Please choose one**

Which one of the following option is **NOT** a benefit for buyer with E-commerce?

- Convenience
- Easy and private
- Reliability**
- Greater product access

**Page 213 : Buyer Benefits of E-Commerce**

• Convenience • Easy and private • Greater product access/selection • Access to comparative information • Interactive and immediate

**Question No: 2 ( Marks: 1 ) - Please choose one**

Which one of the following options refers to "The art and science of choosing target markets and building profitable relationships"?

- Customer relationship management
- Knowledge management
- Total quality management
- Marketing management**

**Page 14 : Marketing Management:**

Marketing management is "the art and science of choosing target markets and building profitable relationships with them."

**Question No: 3 ( Marks: 1 ) - Please choose one**

Which one of the following options enables consumers and companies to access and share huge amounts of information with just a few mouse clicks?

- Digital age
- Internet**
- Extranet
- WWW

**Question No: 4 ( Marks: 1 ) - Please choose one**

Which one of the following is **NOT** a part of the macro-environment?

- Demographic forces
- Natural forces
- Competitors' forces**
- Political forces

Page 225: The macro-environmental components are thought to be: demographic, economic, natural, technological, political, and cultural forces.

**Question No: 5 ( Marks: 1 ) - Please choose one**

Your firm has just developed its first successful MIS. It interacts with information users to assess information needs, develop needed information, \_\_\_\_\_ the marketing information and help managers use it in their decision making. vuzs

- Distribute**
- Collect
- Retrieve
- Store

Page 226 : The MIS next develops needed information (generally from internal company data, marketing intelligence activities, marketing research, and information analysis procedures and sources). Finally, the MIS distributes information to managers in the right form at the right time

**Question No: 6 ( Marks: 1 ) - Please choose one**

Most organizational purchase decisions are made by which of the following categories?

- The sales force

- A team of purchasing agents
- A firm's buying centre**
- Inventory control personnel

**Question No: 7 ( Marks: 1 ) - Please choose one**

The purpose of idea generation is to create a \_\_\_\_\_ of ideas. The purpose of succeeding stages is to \_\_\_\_\_ that number.

- Small number; reduce
- Small number; increase
- Large number; increase
- Large number; reduce**

Page 102 : The purpose of idea generation is to create a large number of ideas. The purpose of the succeeding stages is to *reduce* that number.

**Question No: 8 ( Marks: 1 ) - Please choose one**

Which of the following is **NOT** a major factor for making firms price decisions?

- Environmental factors
- Marketing objectives
- Past sales**
- Marketing mix strategy

**Question No: 9 ( Marks: 1 ) - Please choose one**

Quantity discounts are a legal form of price discrimination. A quantity discount is a price reduction to buyers who purchase \_\_\_\_\_.

- Frequently
- Inferior merchandise
- Superior merchandise
- Large volumes**

Page 125: A **quantity discount** is a price reduction to buyers who buy large volumes.

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**Question No: 10 ( Marks: 1 ) - Please choose one**

Discounts and allowances are price adjustments to the basic price to reward customers for which of the following activities?

- Early payment of bills
- Off-season buying (doubted)**
- Accepting early delivery
- Volume purchases

Page 125: Most companies adjust their basic price to reward customers for certain responses, such as early payment of bills, volume purchases, and off-season buying. These price adjustments—called discounts and allowances—can take many forms.

**Question No: 11 ( Marks: 1 ) - Please choose one**

Which one of the following takes possession of truckloads of tomatoes, arranges for storage, and transports them to auctions to be sold?

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- Selling agent
- Commission broker
- Commission merchant**
- Selling broker

Page 155 :**Commission merchants: Take** physical possession of products and negotiate sales. Normally, they are not employed on a long-term basis. Used most often in agricultural marketing by farmers who do not want to sell their own output and do not belong to producers' cooperatives. The commission merchant takes a truckload of commodities to a central market, sells

**Question No: 12 ( Marks: 1 ) - Please choose one**

A manufacturer-owned operation that provides services usually associated with agents, refers to which one of the following?

- Wholesaler

- Sales office
- Sales branch**
- Public warehouse

Page 155 : **Sales branches and offices**: Set up by manufacturers to improve inventory control, selling, and promotion. Sales branches carry inventory and are found in industries such as lumber and automotive equipment and parts. Sales offices do not carry inventory and are most prominent in dry-goods and notions industries.

**Question No: 13 ( Marks: 1 ) - Please choose one**

Which one of the following advertising decisions can be classified by primary purpose, whether the aim is to inform, persuade or remind?

- Advertising objectives**
- Advertising budgets
- Advertising strategies
- Advertising campaigns

**Question No: 14 ( Marks: 1 ) - Please choose one**

When a firm sets out to analyze, plan, implement, and control sales force activities through sales force management. What does it set and design?

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- Sales territories
- Sales force strategies**
- Team selling efforts
- Promotional objectives

**Question No: 15 ( Marks: 1 ) - Please choose one**

In contrast to vending machines which dispense only products, there are other systems that dispense information and take orders without direct human aid. This system refers to which one of the following options?

- Kiosks**
- TV monitors
- The internet

- Cell phones

PAGE 192 Some companies place information and ordering machines (called kiosks) in stores, airports, and other locations (in contrast to machines which dispense products--vending machines).

**Question No: 16 ( Marks: 1 ) - Please choose one**

Which one of the following are low-growth, low-share businesses and products (they may generate enough cash to maintain them, but do not have much future)?

- Dogs**
- Cash Cows
- Stars
- Question Marks

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**Question No: 17 ( Marks: 1 ) - Please choose one**

Lobbying, Investor relations and Development are the major functions of which one of the following?

- Sales promotion
- Personal selling
- Direct marketing
- Public relations**

PAGE 196: **Public Relations**

Public relations involves Major functions

- 1). Press relations or press gentry.
- 2). Product publicity.
- 3). Public affairs.
- 4). Lobbying.
- 5). Investor relations.
- 6). Development.

**Question No: 18 ( Marks: 1 ) - Please choose one**

E-marketing refers to which one of the following?

- Email marketing
- Electronic marketing**

- Electric marketing
- Elastic marketing

**Question No: 19 ( Marks: 1 ) - Please choose one**

Which of the following option is **NOT** related with traditional buyer's rights?

- Right not to buy a product that is offered for sale
- Right to expect the product to be safe
- Right to expect the product to perform as claimed
- Right to ask money back even not offered by the seller**

PAGE 218: **Traditional buyers' rights include:**

- 1). Right not to buy a product that is offered for sale.
- 2). Right to expect the product to be safe.
- 3). Right to expect the product to perform as claimed.
- 4). Right to be well informed about important aspects of the product.
- 5). Right to be protected against questionable products and marketing practices.
- 6). Right to influence products and marketing practices in ways that will improve the "quality of life."

**Question No: 20 ( Marks: 1 ) - Please choose one**

If a company's customers are concentrated in a small geographic area and the company sells technical products, which promotion method will it most likely use?

- Advertising
- Publicity
- Personal selling**
- Sales promotion

**Question No: 21 ( Marks: 1 ) - Please choose one**

Finance, research and development, purchasing and manufacturing all are the activities of which element of the micro environment?

- Suppliers
- Retailers

**Companies**

Publics

Page 42: Areas such as finance, R & D, purchasing, manufacturing, and accounting all produce better results when aligned by common objectives and goals.

**Question No: 22 ( Marks: 1 ) - Please choose one**

Competitor's price increase is more likely to be followed due to:

Increased advertising

Price wars

Falling sales

**General rising costs**

**Question No: 23 ( Marks: 1 ) - Please choose one**

Which one of the following can be defined as, "The concept of designing marketing communication programs that organize all promotional activities to provide a reliable message across all audiences".

The promotional mix

**Integrated marketing communication**

Relationship marketing

The marketing mix

**Question No: 24 ( Marks: 1 ) - Please choose one**

Like many consumer products manufacturers, Haier Electronics gives its resellers discounts to encourage them to carry and promote its products. When doing so, Haier Electronics uses which of the following strategy?

Intensity

**Push**

Flexible

Pull

A promotion strategy that calls for using the sales force and trade promotion to push the product through the channel is called push strategy.

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**Question No: 25 ( Marks: 1 ) - Please choose one**

Which one of the following is the cheaper source of selling?



- Personal selling
- Non personal selling**
- Sales force
- Sales promotion

**Question No: 26 ( Marks: 1 ) - Please choose one**

All of the following positive effects can be achieved by adopting a proper market education strategy in advertising, **EXCEPT**:

- It helps to minimize sales resistance
- It helps to reduce the cost of advertising
- It makes advertising more effective
- It restricts sales force to achieve adequate distribution**

**Question No: 27 ( Marks: 1 ) - Please choose one**

Proctor and Gamble periodically sends out coupons and free samples of products. This illustrates P & G's use of which one of the following elements of the promotion mix?

- Advertising
- Personal selling
- Sales promotion**
- Publicity

**Question No: 28 ( Marks: 1 ) - Please choose one**

In which of the given strategies the producer promotes the product to wholesalers, the wholesalers promote to retailers and the retailers promote to consumers?

- Pull strategy
- Push strategy**
- Operational strategy
- Production strategy

A promotion strategy that calls for using the sales force and trade promotion to push the product through the channel is called push strategy. The producer promotes the product to wholesalers, the wholesalers promote to retailers and the retailers promote to consumers.

**Question No: 29 ( Marks: 1 ) - Please choose one**

Which of the following is\ are the tasks for which logistics manager is responsible?

- To coordinate activities of suppliers
- To coordinate purchasing agents and marketers
- To coordinate channel members and customers
- All of the given options**

Page 142: the logistics manager's task is to coordinate activities of suppliers, purchasing agents, marketers, channel members, and customers. These activities include forecasting, information systems, purchasing, production planning, order processing, inventory, warehousing, and transportation planning.

**Question No: 30 ( Marks: 1 ) - Please choose one**

Which of the following is NOT one of the major logistics functions?

- Order processing
- Cost reduction**
- Warehousing
- Inventory management

Page 143: The major logistics functions include order processing, warehousing, inventory management, and transportation.

**Question No: 31 ( Marks: 1 ) - Please choose one**

Which of the following is part of the four competitive positions?

- Market positional
- Market observer
- Market controller
- Market follower**

Page 200 : Four primary competitive positions are reviewed in the Lesson.

1. **market leader**
2. **market challenger.**
3. **market follower**
4. **market niche**

**Question No: 32 ( Marks: 1 ) - Please choose one**

Which of the following is not the disadvantage of competitor-centered company?

- The company becomes too reactive
- A fighter orientation**

Strategy is built on what others do

Lessens innovation

Page 204 : 2). **Disadvantages include:**

A). the company becomes too reactive.

b). Strategy is built on what others do. Bases goals on what others do.

c). Lessens innovation. It only matches or extends what others does.

**Question No: 33 ( Marks: 1 ) - Please choose one**

Which of the following has a greater amount of risk, control and profit potential?

Importing

Joint Venturing

Direct Investment

**Exporting**

Page 208: Direct Exporting: involves more risk and investment as the firm sets up its own presence in the host country but the potential return is also greater.

**Question No: 34 ( Marks: 1 ) - Please choose one**

Which of the following discounts encourage customers to pay invoices earlier?

Quantity discount

Seasonal discount

**Cash discount**

Trade discount

**Question No: 35 ( Marks: 1 ) - Please choose one**

Which of the following allowances are payments to wholesalers or retailers to stock unproven new products?

**Stocking allowance**

Trade-in allowance

Push money allowance

Promotion allowance

**Ref : Stocking allowances (also known as slotting fees) are payments to wholesalers or retailers to stock improved new products (I.e., "rent" for shelf space)**

**Question No: 36 ( Marks: 1 ) - Please choose one**

If your competitor has cut the price of its product and it is affecting the sale of your product and profit margin of your company, then you might decide to take some action. Which of the following action will your company take in this situation?

- Close your business
- Raise perceived quality
- Withdraw your product
- Hold the same price**

Page 129: **Initiating Price Cuts**

Several situations may lead a firm to consider cutting its price. One of the such circumstance is excess capacity. In this case, the firm needs more business and cannot get it through increased sales effort, product improvement, or other measures. It may drop its "follow-the-leader pricing"—charging about the same price as its leading competitor—

**Question No: 37 ( Marks: 1 ) - Please choose one**

Which of the following is the disadvantage of personal selling?

- It can be adapted for individual customers
- It is costly to develop and operate a sales force**
- It can be focused on prospective customers
- It results in the actual sale

Page 182 **The disadvantages of personal selling**

- The major disadvantages of the personal selling are:
- Expensive per contact
- Many sales calls may be needed to generate a single sale
- Labor intensive
- It is costly to develop and operate a sales force.
- It may be difficult to attract high-caliber people.

**Question No: 38 ( Marks: 1 ) - Please choose one**

Which of the following is **NOT** a method of compensation plan?

- Straight salary
- Straight commission
- Salary plus bonus
- Grants by government**

Page 188: The compensation plan can both motivate and direct a salesperson's work. Basic methods include:1) Straight salary2) Straight commission3) Salary plus bonus4) Salary plus commission.

**Question No: 39 ( Marks: 1 ) - Please choose one**

During the summer WAPDA runs advertisements on TV to discourage people from using excessive electricity. This Phenomenon is known as:

- Marketing
- Advertising
- Awareness
- Demarketing**

Page 14 Demarketing: Marketing to reduce demand temporarily or permanently; the aim is not to destroy demand but only to reduce or shift it. Demarketing's aim is to reduce demand temporarily or permanently (move traffic away from a popular tourist attraction during peak demand times).

**Question No: 40 ( Marks: 1 ) - Please choose one**

What does this statement show "Trade of value between two parties"?

- Competition
- Transaction**
- Agreement
- Need

Page 222 transaction (a trade of values between two parties) is marketing's unit of measurement.

**Question No: 41 ( Marks: 1 ) - Please choose one**

Environmental groups are included in which of the following publics?

- Citizen-action publics
- Media publics

- Government publics
- Local publics**

**Question No: 42 ( Marks: 1 ) - Please choose one**

Of the following, the most complex type of business buying situation is the:

- Modified rebuy**
- System selling
- Straight rebuy
- New task

Page 76: In a **modified rebuy**, the buyer wants to modify product specifications, prices, terms, or suppliers. The modified rebuy usually involves more decision participants than the straight rebuy. The in suppliers may become nervous and feel pressured to put their best foot forward to protect an account. Out suppliers may see the modified rebuy situation as an opportunity to make a better offer and gain new business.

**Question No: 43 ( Marks: 1 ) - Please choose one**

The bases of segmentation for business markets include \_\_\_\_\_.

- Demographic
- Situational factors
- Personal characteristics
- All of the given options**

Page 86: Additional variables unique to this market would be business customer demographics (industry, company size), operating characteristics, purchasing approaches, situational factors, and personal characteristics.

**Question No: 44 ( Marks: 1 ) - Please choose one**

Shakeel just moved into a new city. He is a very successful man and would like to purchase a luxurious car and designer clothes. These products are examples of:

- Convenience Products
- Shopping Products
- Specialty Products**
- Unsought Products

Page 93: **Specialty products** are consumer products and services with unique characteristics or brand identification for which a significant group of buyers is willing to make a special purchase effort.

Examples include specific brands and types of cars, highpriced photographic equipment, designer clothes, and the services of medical or legal specialists.

**Question No: 45 ( Marks: 1 ) - Please choose one**

With what groups do firms conduct concept testing of new products?

- Suppliers
- Employees
- Target customers**
- Focus groups

**Question No: 46 ( Marks: 1 ) - Please choose one**

Which of the following is a type of Geographic pricing?

- FOB-Origin Pricing**
- Cost based Pricing
- Value based Pricing
- None of the given option

Page 128: **Geographical Pricing** A company also must decide how to price its products for customers located in different parts of the country or world. Should the company take risk of losing the business of more distant customers by charging them higher prices to cover the higher shipping costs? Or should the company charge all customers the same prices regardless of location? Because each customer picks up its own cost, supporters of **FOB** pricing feel that this is the fairest way to assess freight charges.

**Question No: 47 ( Marks: 1 ) - Please choose one**

\_\_\_\_\_ is a measure of how many times the average person in the target market is exposed to the message.

- Frequency**
- Reach
- Impact
- Rate

Page 173: Frequency is a measure of how many times the average person in the target market is exposed to the message.

**Question No: 48 ( Marks: 1 ) - Please choose one**

Rapid penetration of narrow market segments by selective targeting of country markets and small share of overall market is known as:

- Global Niche Strategy**
- Global Challenger Strategy
- Global Leader Strategy
- Global Follower Strategy

Page 211: **v. Global Niche Strategy 1**

Rapid penetration of narrow market segments by selective targeting of country markets and small share of overall market.

**Question No: 49 ( Marks: 3 )**

What are the basic objectives of internet marketing?

**Answer:-**

Basic objectives of internet marketing can be summarized as follows:

- 1) Calls for direct marketing giving an opportunity for long term customer relationship.
- 2) Reduces cost of marketing.
- 3) Broader access of market.
- 4) Privacy is maintained between customer and the seller, therefore securing the customer is more convenient and easy.
- 5) E-commerce is faster
- 6) Lastly but not the least, it gives a greater platform to present large amount of products or product types without the need of a physical location and helps in giving more detailed information to the customer who can evaluate it on his own basis.

**Question No: 50 ( Marks: 3 )**

Mention any three goals of trade promotion?

**Answer:-**



Three goals of trade promotion are:

- 1) Increasing the target market.
- 2) Profit maximization as the consumer will give in return an older product which is another form of value and can be converted into money on fair evaluation basis.
- 3) Trade promotion gives an opportunity to attract users who may not buy the product under normal circumstances mainly due to prices. With trade promotion, buyers are urged to try the new product at lower costs as per their perception.

**Question No: 51 ( Marks: 5 )**

A firm involved in manufacturing electronic circuits which it supplies to firms manufacturing televisions and computers. The company has decided to adopt personal selling. What do you know about this concept and in your view how it will benefit the firm?

**Answer:-**

- Personal selling concept is a form of marketing where the company is indulged into direct marketing by coming into contact with the end user.
  - It involves building up of a sales force by the concepts of strategies, market analysis, development of a team, supervision, evaluation etc.
  - During Personal selling, a sales person may proceed with following steps:
- 1) Prospecting qualifying needs which means collection of potential customers which is the target market.
  - 2) Qualifying needs on basis of finance, usability, income, status etc.
  - 3) Reproach which is forming the basis of how to approach the customer, at what time, and in which way etc.
  - 4) Approach is getting in contact with the customer as per plan.
  - 5) Presentation and demonstration is where the sales person will present the product and explain its usage, benefits, advantages. He may even demonstrate in some cases. E.g. in this case he may carry a small LCD TV in a bag and connect it to power supply to show the result at customer's facility / home.
  - 6) Handling is where the sales person will answer the queries raised by the customer and he will attempt to satisfy the customer in every way possible by fair means.
  - 7) Closing is when the sales person will then try to pursue the customer for giving an order. He may ask details of order, when do you want it, anything special you are interested in with service etc.
  - 8) Follow up is carried out to follow the customer by frequent visits, taking feedback on the service etc.

- Personal selling is effective in sense of implementation on individual customers, focused, direct contact etc.
- However, it also has disadvantages such as high cost of sales force, need several calls before getting a potential customer etc.

**Question No: 52 ( Marks: 5 )**

Special event, audiovisual materials and company identity material are part of major public relation tools. What do you know about these concepts?

**Answer:**

Public relation tools are usually employed by large corporate offices to expand the business on large scales and particularly as a response to market competition.

- It involves
- Press releases
- Public events
- Lobbying
- Investors etc.

Special events, where the company takes an opportunity to exploit and penetrate into the market by presenting new products or taking aggressive decisions with regards to their ongoing product lines. Usually TOP management is involved in such tools. They take the opportunity to go for joint ventures, making business relationships for mutual business in future etc.

Audiovisual materials are nothing but public announcements usually made through media such as radio, TV, internet, billboards etc. Companies show their support and commitment with other market pioneers for mutual interest or they may even give public message with regards to safety, environment and target the audience to make an optimistic position in their mind.

Company identity material can be exploited under the name of branding where companies have reputed brands under their title. Such brands can be associated with moral, ethical, societal, emotional support to the public and make a strong bond. For e.g. Recently Ufone has donated about 113.2 Million Rupees for people affected by Flood. Such actions will strengthen their bond with the public and definitely make a positive impact.

**Question No: 53 ( Marks: 5 )**

What is customer value and customer satisfaction? Also write down the relationship between these two terms.

**Answer:**

Customer Value:- It is how a customer is valued with regards to a targeted market. The position a customer holds and in vice versa what position does the product hold in customers mind. How does he value the product or service from a particular company? For e.g. the customer service offered by UFONE is quite effective and appreciated. This gives an impression of greater customer value in customer's own mind. When UFONE recently launched discounted IR rates just prior to starting of Ramadan especially for people in KSA, it did target customer's mind set which will be looking to get in contact with their relatives who will go to KSA to perform UMRAH.

Customer Satisfaction:- It is how the customer feels about being treated and whether the product did serve its purpose as expected by the customer. If UFONE-2-UFONE calls are made during load of midnight calls due to promotions offered by UFONE to give night calls at discounted rate, did the service of calls drop down? Was the reception and transmission of voice clear? Was there any unfair billing? When such questions come across a customer's mind and he feels that everything was on fair basis, the customer feels satisfied for spending his money on that product or service.

Relationship between customer value and customer satisfaction:

Customer value turns into customer satisfaction when the customer feels that the services he gained were to his position and were well paid off. It is more of a transition from being a focus point of service to being served well. A very common example can be the service offered in air flights. Stewards and air hostesses will offer service to the passengers such as if they need blanket, or a spare pillow. The customer feels valued. When these expectations are met , the customer feels satisfaction.