

MIDTERM EXAMINATION
Fall 2009
MKT501- Marketing Management (Paper-3)

Which of the following must be developed at each product level for achieving the goals?

- ▶ Corporate plan
- ▶ Selling plan
- ▶ **Marketing plan**
- ▶ Business plan

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For Product or Service, a Brand, or a Product line, It can cover ONE YEAR (referred to as an annual marketing plan), or cover up to 5 years. A marketing plan may be part of an overall Business Plan.

Which of the following part of a marketing plan defines the plan's financial and marketing goals in terms of sales volume, market share and profit?

- ▶ **Marketing strategy**
- ▶ Action programs
- ▶ Issue analysis
- ▶ Objectives

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Marketing strategies are those plans designed to reach Marketing goals. A good marketing strategy should integrate an organization's marketing goals, policies, and action sequences (tactics) into a cohesive whole.

Assumptions, pro-forma income statement, contribution margin analysis, breakeven analysis, ratios analysis must be very formally done in:

- ▶ Executive summary
- ▶ **Financial summary**
- ▶ Promotional plan
- ▶ Business plan

Page 16 Financial Summary

Assumptions, pro-forma monthly income statement, contribution margin analysis, breakeven analysis. This information must be very formally done at this stage

Which of the following has the largest market share in the relevant product market?

- ▶ **Market leader**
- ▶ Market challenger
- ▶ Market nicher
- ▶ Market follower

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The market leader is dominant in its industry. It has substantial market share and often extensive distribution arrangements with retailers.

<http://groups.google.com/group/vuZs>

A market nicher can reduce their operating expense through less spending on:

- ▶ Market segment and advertising
- ▶ R & D and market segment
- ▶ Advertising and promotion
- ▶ **R & D and advertising**

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Market nicher tends to keep their operating expenses down by spending less on R&D, advertising, and Personal selling.

A market leader firm can expand the total market through:

- ▶ Decreasing distribution of the product
- ▶ **Introducing the new usage of the product**
- ▶ Eliminating some features of product
- ▶ Increasing cost

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It typically is the industry leader in developing innovative new business models and new products (although not always). It sometimes has some market power in determining either price or output. Of the four dominance strategies, it has the most flexibility in crafting strategy.

A brand name is one of the elements of the:

- ▶ Discounted product
- ▶ Core benefit
- ▶ Augmented product
- ▶ **Actual product**

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[Tangible Product or Service](#)

O Product attributes and features, Quality, Styling, Packaging protection and label information, Brand name

Which of the following is TRUE about a product?

- ▶ Every tangible thing the customer receives in an exchange
- ▶ The idea that the customer receives in an exchange
- ▶ The service that is rendered to a customer
- ▶ **The physical object the customer receives in an exchange**

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"In marketing, a product is anything that can be offered to a market that might satisfy a want or need. However it is much more than just a physical object. It is the complete bundle of benefits or satisfactions that buyers perceive they will obtain if they purchase the product".

Identify the stage of product life cycle in which sales are at peak.

- ▶ Introduction
- ▶ Growth
- ▶ **Maturity**
- ▶ Decline

page 25 Mature stage

• Costs are very low as you are well established in market & no need for publicity. • Sales volume peaks

Which of the followings are considered defensive in nature?

- ▶ Maturity and growth stage
- ▶ **Maturity and decline stage**
- ▶ Introduction and maturity stage
- ▶ Introduction and growth stage

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The second two stages, mature and decline stage are often seen as defensive in nature.

Standard Cable cut back advertising expenditures to minimum level and reduced the number of channel members for its industrial cable product. These actions are indicative of a product in which of the following stage of its life cycle?

- ▶ Introduction
- ▶ Growth
- ▶ Maturity
- ▶ **Decline**

MGT 301 Page 108 This is the decline stage.

Sales decline for many reasons, including technological advances, shifts in consumer tastes, and increased competition. As sales and profits decline, some firms withdraw from the market. Those remaining may prune their product offerings. They may drop smaller market segments and marginal trade channels, or they may cut the promotion budget and reduce their prices further.

Highest percentage of ideas for new products originates with/from which of the following sources?

- ▶ Top management
- ▶ **Customers**
- ▶ Competitors
- ▶ Employees

[Page 27 : Ideas for new products obtained from customers, R&D department, competitors, focus groups, employees, or trade shows](#)

Which of the following are the people who purchase new products almost as soon as the products reach the market?

- ▶ **Innovators**
- ▶ Late majority
- ▶ Early majority
- ▶ Late adopters

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[Early adopters, they are very quick in their response. These people are venture some and willing to try new ideas. In fact they are innovators in life and early adopters.](#)

Which of the following is NOT one of the stages that customers go through in the process of adopting a new product?

- ▶ **Desire**
- ▶ Awareness
- ▶ Evaluation
- ▶ Interest

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[The New-product marketers should facilitate consumer movement through these stages](#)

[• AWARENESS: • INTEREST: • EVALUATION • TRIAL • ADOPTION](#)

Which product is MOST likely to be purchased through routine decision making?

- ▶ Television set

▶ **Soft drink**

▶ Shirt

▶ Car

Which of the following has a quick response towards a new product?

▶ Opinion leaders

▶ Late majority

▶ Early majority

▶ **Early adopters**

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Early adopters, they are very quick in their response. These people are venture some and willing to try new ideas. In fact they are innovators in life and early adopters.

Which of the following brands is created specifically to counter a competitive threat?

▶ Premium brand

▶ Economy brand

▶ **Fighting brand**

▶ Corporate brand

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A fighting brand is a brand created specifically to counter a competitive threat.

Using one brand name for several related products is known as which of the following?

▶ **Family branding**

▶ Group branding

▶ Combination branding

▶ Premium branding

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When one brand name is used for several related products, this is referred to as Family branding.

Packaging used for the ice creams is an example of which of the following?

▶ Decorative packaging

▶ Transport packaging

▶ Secondary packaging

▶ **Primary packaging**

Primary packaging is the material the first envelops the product and holds it. First-level product packaging such as the bottle, can, jar, tube, etc., that contains the item sold. It is the last packaging thrown by the consumer.

@ Secondary packaging is outside the primary packaging – perhaps used to group primary packages together. Tertiary packaging is used for bulk shipping.

According to "Research supporting odd pricing theory" which of the following number out of all the numbers between 1 and 100 is thought to have least perceived value as compared to its actual value?

- ▶ 90
- ▶ **77**
- ▶ 55
- ▶ 25

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In a study, the perceived value of all the numbers between 1 and 100 were studied, and 77 was shown to have the lowest perceived value relative to its actual value.

To pay premium price for the product customers require:

- ▶ Allowance
- ▶ **Flawless performance**
- ▶ Discounts
- ▶ High promotion

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Premium Pricing (also called prestige pricing) is the strategy of pricing at, or near, the high end of the possible price range. They require flawless performance in this application - The cost of product malfunction is too high to buy anything but the best - example: heart pacemaker

Mr. A, marketer of XYZ Co. is selling his ice-cream in the market at Rs.20, 20% more than his competitors' price. Still his sales are increasing. Now his aim is to maintain same pricing. He enjoys which type of leadership?

- ▶ Promotion leadership
- ▶ **Price leadership**
- ▶ Cost leadership
- ▶ Product leadership

Price leadership

A situation in which a company sets a price for a product and this company's market share and/or brand loyalty is so strong that other companies are compelled to match or beat the price. The company that first changes the price is said to show price leadership.

Which of the following price is quoted to a potential buyer, usually in written form?

- ▶ Wholesale price
- ▶ Market price
- ▶ **List price**
- ▶ Retail price

The list price (which is quoted to a potential buyer, usually in written form).

Ref: http://en.wikipedia.org/wiki/Discounts_and_allowances

A seller wants payment from buyer within 10 days of sales (whereas customer can made payment within 30 days) and offers 4% discount if payment is made within 10 days. What type of cash discount will be suitable?

- ▶ **4/10 net 30**
- ▶ 10/4 net 30
- ▶ 10/30 net 4
- ▶ 4/30 net 10

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• **2/10 net 30 - this means the buyer must pay within 30 days, but will receive a 2% discount if they pay within 10 days.**

Market-penetration pricing will likely to be used most in selling which of the following items?

- ▶ Specialty
- ▶ **Convenience**
- ▶ Unsought
- ▶ Pharmaceuticals

Market-penetration pricing Pricing method of new product introduction to market that consists of pricing low and promoting heavily in order to gain a large market share and associated economies of scale as quickly as possible and before competition builds.

Convenience Goods: purchased frequently and with minimal effort, often referred to as FMCG (Fast Moving Consumer Goods)

Many companies try to set a price that will maximize current profit. This strategy assumes that company has knowledge of its:

- ▶ Cost and production function
- ▶ **Revenue and cost function**
- ▶ Demand and market function
- ▶ Demand and cost function

REF: <http://www.netmba.com/marketing/pricing/>

Identify the other name for global market.

- ▶ Consumer market
- ▶ Import market
- ▶ **Export market**
- ▶ Government market

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GLOBAL MARKETS

This is when we talk beyond frontiers; marketers are faced with tougher decisions for global markets.

Export of product is in itself a major undertaking. Which country to enter? How to enter? How to Price? How to communicate? are just a few important and underlying decisions.

Which one of the following 4Ps of marketing mix involves in decisions regarding list prices, discounts, allowances and payment periods or credit terms?

- ▶ Product
- ▶ **Price**
- ▶ Place
- ▶ Promotion

PAGE 3 Right Price

a. List Price

b. Discounts and conditions of discounts

c. Allowances

d. Payment Period

Customer cost will be considered as which of the following Ps of marketing mix?

- ▶ Product
- ▶ **Price**
- ▶ Place
- ▶ Promotion

Pricing is basically setting a specific price for a product or service offered. In a simplistic way, Kotler and Armstrong (2004) refer to the concept of price as the amount of money that customers have to pay to obtain the product.

Which of the following is about managing strategically the customer's entire experience with the product and company?

- ▶ **Customer experience management**
- ▶ Customer retention management
- ▶ Customer life-time value management
- ▶ Customer relationship management

Customer experience management is "the process of strategically managing a customer's entire experience with a product or a company". Relationship marketing focuses on establishing and building a long term relationship between a company and a customer. There are several approaches that have been espoused including customer experience management, customer relationship management, loyalty programs, and database marketing.

ref : <http://www.findwhitepapers.com/knowledge-management/customer-experience-management/>

Customer's viewpoint on a firm's products and services can be improved through:

- ▶ Experiential world of customers
- ▶ **Experiential innovation**
- ▶ Customer interface
- ▶ Building experiential platform

Page 5: Continue experiential innovation

• **Anything that can improve customer's own viewpoint on your products and services.**

Which of the following firms emphasizes on product's benefits to the customers rather product attributes?

- ▶ Product oriented
- ▶ **Market oriented**
- ▶ Sales oriented
- ▶ Production oriented

Market Orientation: Business approach or philosophy that focuses on identifying and meeting the stated or hidden needs or wants of the customers, through its own or acquired products.

Which of the following is NOT a technique of measuring customer satisfaction and monitoring customer's complaint?

- ▶ Customer complaints database
- ▶ Web and telephone information hotlines
- ▶ Exit interviews
- ▶ **Business analysis**

Page 27 because Business Analysis involves

- o **estimate likely selling price**
- o **estimate sales volume**
- o **estimate profitability and breakeven point**

The phenomenon, when a customer dislikes a product and talks against the product, is termed as:

- ▶ Propaganda
- ▶ Unfavorable environment
- ▶ **Bad mouth**
- ▶ Bad impression

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The customer still may not fully like the product and have what we call 'bad-mouth'. Bad mouth is when a customer talks not in favors of the product. Bad mouth travels fast.

Products that are usually purchased due to adversity and high promotional back up rather than desire are called:

- ▶ Sought goods
- ▶ Unique goods
- ▶ **Unsought goods**
- ▶ Preferred goods

Page 8: This concept emphasizes on aggressive selling and high promotional back up. Selling, concept is practical on what we call as 'unsought goods'

A customer requirement about any product in which he/ she needs to avail core features in that product, is called:

- ▶ Real need
- ▶ **Stated need**
- ▶ Unstated need
- ▶ Delighted need

Page # 10 A customer says. 'I want an inexpensive car' what is he saying? He wants a car that is not expensive. So he needs a car but not expensive compared to his income. Needs are .Stated need (an inexpensive Car) ,Real need (wants a car which is lower in maintenance), Unstated need (he wants a strong car)

Which of the following products requires mass promotion by a producer?

- ▶ Convenience
- ▶ Shopping
- ▶ Specialty
- ▶ **Unsought**

Unsought Products – These are products whose purchase is unplanned by the consumer but occur as a result of marketer's actions. Such purchase decisions are made when the customer is exposed to promotional activity, such as a salesperson's persuasion or purchase incentives like special discounts offered to certain online shoppers.

Which of the following is NOT an aggressiveness strategy?

- ▶ Harvesting
- ▶ Building
- ▶ **Intensification**
- ▶ Holding

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Aggressiveness Strategies - This asks whether a firm should grow or not, and if so, how fast. One scheme divides strategies into:

- **Building**
- **holding**
- **harvesting**

Which of the following is NOT a type of innovation strategy?

- ▶ Pioneers
- ▶ **Challengers**
- ▶ Close followers
- ▶ Late followers

Innovation Strategies- This deals with the firm rate of new product development and business model innovation. It asks whether the company is on the cutting edge of technology and business innovation. There are three types:

- o **pioneers**
- o **close followers**
- o **late followers**

Suppose Nestle wants to expand its line of food products. The managers conduct surveys from customers to determine which food items would appeal to customers. Nestle is currently in which of the following phase of new product development?

- ▶ Idea generation
- ▶ Idea screening
- ▶ **Test marketing**
- ▶ Business analysis

Test marketing is a technique used during product development to determine how people respond to a product. It can be used at many different phases of development to see whether or not the public will buy the product, how the product may need to be adjusted to make it appealing to the public, and how members of the public interact with the product.