

***Marketing Management, 14e (Kotler/Keller)***

**Chapter 3 Collecting Information and Forecasting Demand**

1) As the manager of an organization that is attempting to build a Marketing Information System (MIS), you have been informed that a MIS is built upon three fundamental information sources. The sources are \_\_\_\_\_, marketing intelligence activities, and marketing research.

- A) external records and documents
- B) databases found on the Internet
- C) consultant reports
- D) internal company records
- E) secondary data from government sources such as the Better Business Bureau

Answer: D

Page Ref: 69

Objective: 1

Difficulty: Easy

2) The company's marketing information system should be a mix of what managers think they need, what managers really need, and \_\_\_\_\_.

- A) what the marketing research department is able to do
- B) what consumers are willing to consume
- C) what the government policies allow
- D) what is acceptable at the industry level
- E) what is economically feasible

Answer: E

Page Ref: 69

Objective: 1

Difficulty: Moderate

3) The heart of the internal records system is the \_\_\_\_\_.

- A) pay-roll system
- B) purchase order cycle
- C) order-to-payment cycle
- D) expense cycle
- E) human resources system

Answer: C

Page Ref: 70

Objective: 2

Difficulty: Moderate

4) The \_\_\_\_\_ begins with sales representatives and dealers sending orders to the firms and is followed by the sales department preparing invoices, and finally generating shipping and billing documents which are then sent to various departments.

- A) payroll system
- B) market research process
- C) human resources system
- D) expense cycle
- E) order-to-payment cycle

Answer: E

Page Ref: 70

Objective: 2

Difficulty: Moderate

5) By equipping its sales force with handheld devices with bar-code readers and Internet connections to speed inventory assessment, TaylorMade allows sales executives to have significantly more time to interact with their consumers. This is an example of the use of technology in improving \_\_\_\_\_.

- A) sales information systems
- B) payroll systems
- C) cookies
- D) cohort segmentation
- E) competitive intelligence gathering

Answer: A

Page Ref: 70

Objective: 2

AACSB: Use of IT

Difficulty: Moderate

6) Companies can practice targeted marketing by using \_\_\_\_\_—records of Web site usage stored on personal browsers.

- A) plug-ins
- B) black swans
- C) cookies
- D) trolls
- E) honey-pots

Answer: C

Page Ref: 70

Objective: 2

AACSB: Use of IT

Difficulty: Easy

7) The internal records system supplies results data, but the marketing intelligence system supplies \_\_\_\_\_ data.

- A) internal
- B) revenue
- C) thematic
- D) happenings
- E) process

Answer: D

Page Ref: 71

Objective: 3

Difficulty: Easy

8) A \_\_\_\_\_ is a set of procedures and sources managers use to obtain everyday information about developments in the marketing environment.

- A) data warehousing system
- B) viral marketing campaign
- C) product management system
- D) marketing intelligence system
- E) sales information system

Answer: D

Page Ref: 71

Objective: 3

Difficulty: Moderate

9) A company can take several steps to improve the quality of its marketing intelligence. Which of the following best describes the practice used by McDonald's when it sent pseudo customers to assess stores' internal speed standards?

- A) training and motivating the sales force to spot and report new developments
- B) motivating intermediaries to pass along important intelligence
- C) networking externally
- D) purchasing information from outside research firms and vendors
- E) using the sales information system to get accurate sales reports

Answer: B

Page Ref: 72

Objective: 3

AACSB: Analytic skills

Difficulty: Moderate

10) A company can take several steps to improve the quality of its marketing intelligence. If the company purchases competitive products for study, attends open houses and trade shows, and reads competitors' published reports and stockholder information, the company is using \_\_\_\_\_ to improve the quality of its marketing intelligence.

- A) sales-force surrogates
- B) intermediaries
- C) external networks
- D) advisory panels
- E) customer feedback systems

Answer: C

Page Ref: 72

Objective: 3

Difficulty: Difficult

11) When gathering marketing intelligence, companies often use the 2000 U.S. census, which provides an in-depth look at the population swings, demographic groups, regional migrations, and changing family structure of 281+ million people. Which of the following steps to improve the quality of a company marketing intelligence system would be most closely associated with this illustration?

- A) A company can purchase information from outside suppliers.
- B) A company can take advantage of government data sources.
- C) A company can use online customer feedback systems to collect data.
- D) A company can network externally.
- E) A company can use its sales force to collect and report data.

Answer: B

Page Ref: 72

Objective: 3

Difficulty: Moderate

12) When a company acquires consumer-panel data from firms like A.C. Nielsen Company and Information Resources Inc., which of the following steps to improve the quality of a company marketing intelligence system is the company resorting to?

- A) training and motivating the sales force to spot and report new developments
- B) motivating distributors, retailers, and other intermediaries to pass along important intelligence
- C) hiring external experts to collect intelligence
- D) using external network
- E) purchasing information from outside research firms and vendors

Answer: E

Page Ref: 72

Objective: 3

Difficulty: Moderate

13) Elance.com is a service provider that allows contractors to describe their level of satisfaction with subcontractors. This is an example of a(n) \_\_\_\_\_.

- A) independent customer goods and service review forum
- B) public blog
- C) customer complaint site
- D) combo site offering customer reviews and expert opinions
- E) distributor or sales agent feedback site

Answer: E

Page Ref: 73

Objective: 3

AACSB: Use of IT

Difficulty: Moderate

14) The sites which offer positive or negative product or service reviews and are built by the retailers of a particular product or service are called \_\_\_\_\_.

- A) combo sites
- B) distributor or sales agent feedback sites
- C) public blogs
- D) independent service review forums
- E) customer complaint sites

Answer: B

Page Ref: 73

Objective: 3

AACSB: Use of IT

Difficulty: Easy

15) A \_\_\_\_\_ is "unpredictable, short-lived, and without social, economic, and political significance."

- A) fad
- B) fashion
- C) trend
- D) megatrend
- E) style

Answer: A

Page Ref: 74

Objective: 4

Difficulty: Easy

16) A \_\_\_\_\_ is a direction or sequence of events that has some momentum and durability; it reveals the shape of the future and can provide strategic direction.

- A) fad
- B) fashion
- C) trend
- D) megatrend
- E) style

Answer: C

Page Ref: 74

Objective: 4

Difficulty: Easy

17) A \_\_\_\_\_ is a "large social, economic, political, and technological change that is slow to form, and once in place, influences us for some time—between seven and ten years, or longer."

- A) fad
- B) fashion
- C) trend
- D) megatrend
- E) style

Answer: D

Page Ref: 74

Objective: 4

Difficulty: Easy

18) Which of the following is true about trends in worldwide population growth?

- A) Birthrates are on the rise in developed countries.
- B) Overall, the world population growth is declining.
- C) Birthrates are on the rise in developing countries.
- D) Death rates are rising in developing countries.
- E) Population growth is highest in developing countries.

Answer: E

Page Ref: 75

Objective: 4

Difficulty: Easy

19) A growing population does not mean growing markets unless \_\_\_\_\_.

- A) the people are under a democratic system of government
- B) there is common ownership of all resources
- C) people have sufficient purchasing power
- D) there is adequate governmental intervention in the market
- E) the government has a budget surplus

Answer: C

Page Ref: 75

Objective: 4

Difficulty: Moderate

20) In the U.S., people born between the years \_\_\_\_\_ are called boomers.

- A) 1978 and 2002
- B) 1946 and 1964
- C) 1925 and 1945
- D) 1965 and 1985
- E) 1920 and 1940

Answer: B

Page Ref: 75

Objective: 4

Difficulty: Easy

21) Firms find "reverse innovation" advantage by \_\_\_\_\_.

- A) introducing a commodity in a developed country and then distributing it globally
- B) introducing a commodity in a developing country and then distributing it in other developing countries
- C) introducing a commodity in a developing country and then distributing it globally
- D) introducing a commodity in a developed country and then distributing it in developing countries
- E) introducing a commodity in a developed country and then distributing it in other developed countries

Answer: C

Page Ref: 76

Objective: 4

Difficulty: Moderate

22) \_\_\_\_\_ refer to groups of individuals who are born during the same time period and travel through life together.

- A) Cohorts
- B) Populations
- C) Clans
- D) Societies
- E) Ethnic groups

Answer: A

Page Ref: 76

Objective: 4

Difficulty: Easy

23) According to the 2000 Census, which of the following is the largest group in the United States?

- A) Whites
- B) Hispanics
- C) African Americans
- D) Chinese Americans
- E) Asian Indians

Answer: A

Page Ref: 76

Objective: 4

Difficulty: Easy

24) The three largest subgroups of the Hispanics in the U.S. are \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_.

- A) Puerto Rican; Mexican; Chilean
- B) Salvadoran; Cuban; Dominican
- C) Mexican; Puerto Rican; Cuban
- D) Brazilian; Mexican; Cuban
- E) Salvadoran; Dominican; Columbian

Answer: C

Page Ref: 76

Objective: 4

Difficulty: Easy

25) Which of the following is true about the growth of the Hispanic population in the U.S.?

- A) Hispanics made up 11 percent of all new workers in the past decade.
- B) The disposable income of Hispanics has not grown as fast as that of the rest of the population.
- C) Hispanics now outnumber African Americans in the U.S.
- D) Family incomes of Hispanics have grown at a rate double that of the rest of the population.
- E) Hispanics are the fastest growing consumer group in the U.S.

Answer: E

Page Ref: 77

Objective: 4

Difficulty: Easy

26) The traditional household consists of \_\_\_\_\_.

- A) a husband, wife, and children (and sometimes grandparents)
- B) a group of related persons living together
- C) two or more families living together
- D) a man and a woman living together (whether married or not)
- E) related or unrelated persons who share living arrangements

Answer: A

Page Ref: 77

Objective: 4

Difficulty: Easy



27) By 2010, projections indicate that the largest category of households will be composed of \_\_\_\_\_.

- A) childless married couples and empty nesters
- B) single-parent families
- C) single live-alones
- D) singles living with nonrelatives
- E) married couples with children

Answer: A

Page Ref: 77

Objective: 4

Difficulty: Moderate

28) Which of the following is likely to occur during economic downturns?

- A) People tend to spend more on luxury goods
- B) Consumption of necessary goods decline
- C) Long term credit is available at concessional rates of interest
- D) The purchasing power of the people declines
- E) The level of investment in the economy rises

Answer: D

Page Ref: 77

Objective: 4

AACSB: Dynamics of the global economy

Difficulty: Moderate

29) Which of the following economies provide limited opportunities to international marketers to develop product sales?

- A) capitalist economies
- B) subsistence economies
- C) raw-materials-exporting economies
- D) industrializing economies
- E) industrialized economies

Answer: B

Page Ref: 78

Objective: 4

Difficulty: Easy

30) In response to the U.S. income distribution trend toward \_\_\_\_\_, Levi-Strauss introduced premium Levi's Capital E line to upscale retailers and the economy Levi Strauss Signature line to mass-market retailers.

- A) very low incomes
- B) mostly low incomes
- C) mostly high incomes
- D) mostly medium incomes
- E) low and high incomes

Answer: E

Page Ref: 78

Objective: 4

AACSB: Analytic skills

Difficulty: Difficult

31) In the U.S., consumer expenditures on homes and big ticket items tend to slacken during recessions because \_\_\_\_\_.

- A) the consumers generally have a low debt-to-income ratio
- B) of steady supply of loanable funds in the economy during recession
- C) the consumers have a high debt-to-income ratio
- D) consumer borrowing increases during recession
- E) of stringent credit policies adopted by the Fed before the onset of recession

Answer: C

Page Ref: 78

Objective: 4

Difficulty: Moderate

32) Which of the following elements of sociocultural environment can be associated with the growing demand for "social surrogates" like social networking sites, television, etc?

- A) views of ourselves
- B) views of organizations
- C) views of others
- D) views of nature
- E) views of the universe

Answer: C

Page Ref: 78

Objective: 4

Difficulty: Moderate

33) Today, corporations need to make sure that they are good corporate citizens and that their consumer messages are honest in order to positively align themselves with consumers' \_\_\_\_\_.

- A) views of others
- B) views of organizations
- C) views of themselves
- D) views of the universe
- E) views of society

Answer: B

Page Ref: 79

Objective: 4

AACSB: Reflective thinking

Difficulty: Moderate

34) People vary in their views of society and their consumption patterns often reflect their social attitudes. \_\_\_\_\_ usually live more frugally, drive smaller cars, and wear simpler clothing.

- A) Makers
- B) Escapers
- C) Seekers
- D) Changers
- E) Developers

Answer: D

Page Ref: 79

Objective: 4

Difficulty: Moderate

35) People vary in their views of society and their consumption patterns often reflect their social attitudes. \_\_\_\_\_ usually eat, dress, and live well.

- A) Makers
- B) Escapers
- C) Seekers
- D) Changers
- E) Developers

Answer: A

Page Ref: 79

Objective: 4

Difficulty: Moderate

36) People vary in their views of society and their consumption patterns often reflect their social attitudes. \_\_\_\_\_ are a major market for movies, music, surfing, and camping.

- A) Makers
- B) Preservers
- C) Escapers
- D) Changers
- E) Developers

Answer: C

Page Ref: 79

Objective: 4

Difficulty: Moderate

37) \_\_\_\_\_ beliefs and values are passed from parents to children and reinforced by social institutions—schools, churches, businesses, and governments; they are very difficult to change.

- A) Transient
- B) Secondary
- C) Protected
- D) Core
- E) Variable

Answer: D

Page Ref: 79

Objective: 4

Difficulty: Moderate

38) Which of the following would be the best illustration of a secondary belief or value?

- A) belief in work
- B) belief in giving to charity
- C) belief in getting married
- D) belief in getting married early
- E) belief in being honest

Answer: D

Page Ref: 79

Objective: 4

Difficulty: Moderate

39) Each society contains \_\_\_\_\_, groups with shared values emerging from their special life experiences or circumstances.

- A) stakeholders
- B) cliques
- C) consumer bundles
- D) subcultures
- E) behavioral niches

Answer: D

Page Ref: 80

Objective: 4

Difficulty: Easy

40) Which of the following is the largest contributor to global warming, contributing almost a quarter of the carbon dioxide in the environment?

- A) transportation
- B) industrial production facilities
- C) electrical power plants
- D) aerosol cans
- E) rural cooking fires

Answer: C

Page Ref: 80

Objective: 4

Difficulty: Easy

41) Which of the following is the second largest contributor to global warming, accounting for roughly a fifth of carbon emissions?

- A) transportation
- B) primary metal production facilities
- C) electrical power plants
- D) aerosol cans
- E) rural cooking fires

Answer: A

Page Ref: 80

Objective: 4

Difficulty: Easy

42) Firms whose products require \_\_\_\_\_ resources—oil, coal, platinum, zinc, silver—face substantial cost increases as depletion approaches.

- A) infinite
- B) near finite
- C) finite renewable
- D) finite nonrenewable
- E) perishable

Answer: D

Page Ref: 81

Objective: 4

Difficulty: Easy

43) Prestige LLC, a small company that manufactures specialty cereals and energy bars, wants to launch a "green marketing" program in response to heightened consumer awareness about environmental issues. What should the company do to maximize the program's chances of being successful?

- A) demonstrate that the products will benefit both customers and the society in the long-term
- B) emphasize benefits to the consumer rather than environmental benefits
- C) focus on the efforts and costs incurred by the company to bring these "green" products to consumers
- D) engage in "greenwashing" to highlight the environmental benefits of the product
- E) explain the rules and regulations laid out by governmental agencies to protect the environment

Answer: A

Page Ref: 82

Objective: 4

AACSB: Analytic skills

Difficulty: Difficult

44) When a company is said to have engaged in "greenwashing," it means that \_\_\_\_\_.

- A) the company has significantly changed its business processes to incorporate a greener, more environmentally friendly philosophy
- B) the company has moved its production facilities to countries where environmental laws and regulations are less rigorous
- C) the company has changed its "green" image in order to appeal to a different, usually older, demographic
- D) the company's products are not nearly as green and environmentally beneficial as its marketing might suggest
- E) the company has undertaken a campaign to lobby for tougher environmental regulations for the industry

Answer: D

Page Ref: 82

Objective: 4

Difficulty: Easy

45) Which of the following consumer environmental segments cares a great deal about the environment, but doesn't seem to have the knowledge or resources to take action?

- A) not me greens
- B) business first greens
- C) mean greens
- D) go-with-the-flow greens
- E) dream greens

Answer: E

Page Ref: 82

Objective: 4

Difficulty: Easy

46) The consumer environmental segment termed \_\_\_\_\_ holds the view that the environment is not a huge concern and that business and industry is doing its part to help. This may explain why they don't feel the need to take action themselves—even as they cite lots of barriers to doing so. They are also the largest consumer environmental segment.

- A) not me greens
- B) business first greens
- C) mean greens
- D) go-with-the-flow greens
- E) dream greens

Answer: B

Page Ref: 82

Objective: 4

Difficulty: Easy

47) The consumer environmental segment termed \_\_\_\_\_ claims to be knowledgeable about environmental issues, but does not express pro-green attitudes or behaviors. Indeed, it is practically hostile toward pro-environmental ideas. This segment has chosen to reject prevailing notions about environmental protection and may even be viewed as a potential threat to green initiatives.

- A) not me greens
- B) business first greens
- C) mean greens
- D) go-with-the-flow greens
- E) dream greens

Answer: C

Page Ref: 82

Objective: 4

Difficulty: Easy

48) Which of the following is true about the technology trends that marketers should monitor?

- A) A growing portion of U.S. R&D expenditures are going toward the research side as opposed to the development side.
- B) Today, the time between idea and implementation is expanding.
- C) More single companies rather than consortiums are directing research efforts toward major breakthroughs.
- D) The pace of change is accelerating today.
- E) The government has decreased regulation of technological change.

Answer: D

Page Ref: 83-84

Objective: 4

Difficulty: Moderate

49) Mandatory recycling laws have boosted the recycling industry and launched dozens of new companies making new products from recycled materials. Which of the following most closely resembles the situation discussed above?

- A) Government makes reforestation mandatory for lumbering firms leading to a rise in timber production.
- B) Government restricts industries from purchasing farmland thereby increasing agricultural produce.
- C) Government subsidizes export of beef to promote production of beef cattle.
- D) Government pollution control norms increase the production of pollution control equipment.
- E) Government restricts unfair trade practices to promote international trade.

Answer: D

Page Ref: 84

Objective: 4

AACSB: Analytic skills

Difficulty: Difficult

50) An unintended effect of business legislation is \_\_\_\_\_.

- A) restricting fair competition in the market
- B) encouraging unbridled business behavior
- C) reducing the social cost of producing a particular commodity
- D) exposing consumers to unfair trade practices
- E) slowing economic growth

Answer: E

Page Ref: 84

Objective: 4

Difficulty: Moderate

51) An important force affecting business is the \_\_\_\_\_ movement, a movement of citizens and government organized to strengthen the rights and powers of buyers in relation to sellers.

- A) human rights
- B) consumerist
- C) environmental
- D) self-determination
- E) materialistic

Answer: B

Page Ref: 84

Objective: 4

Difficulty: Easy



52) Companies can prepare as many as \_\_\_\_\_ different types of demand estimates.

- A) 6
- B) 30
- C) 60
- D) 90
- E) 150

Answer: D

Page Ref: 85

Objective: 5

Difficulty: Easy

53) The demand estimates of an organization comprise of five space levels. They are world, country, region, territory, and \_\_\_\_\_.

- A) zone
- B) organization
- C) customer
- D) product
- E) input

Answer: C

Page Ref: 85

Objective: 5

Difficulty: Easy

54) The \_\_\_\_\_ market is the set of consumers with an adequate interest, income, and access to a particular offer.

- A) potential
- B) available
- C) target
- D) penetrated
- E) reserve

Answer: B

Page Ref: 85

Objective: 5

Difficulty: Easy

55) The \_\_\_\_\_ market is the part of the qualified available market the company decides to pursue.

- A) potential
- B) available
- C) target
- D) penetrated
- E) reserve

Answer: C

Page Ref: 85

Objective: 5

Difficulty: Easy

56) The \_\_\_\_\_ market is the set of consumers who are buying the company's product.

- A) potential
- B) available
- C) target
- D) penetrated
- E) reserve

Answer: D

Page Ref: 85

Objective: 5

Difficulty: Easy

57) When the government of any country restricts the sale of a particular commodity to certain groups—for example, restricting sales of alcohol to individuals above the age of 21—the eligible consumers who have income, interest, access and qualification constitute the \_\_\_\_\_.

- A) accessible market
- B) target market
- C) potential market
- D) qualified potential market
- E) qualified available market

Answer: E

Page Ref: 85

Objective: 5

Difficulty: Easy

58) Jeanine would like to own a Mercedes but is unable to afford one at this time. Jeanine is part of the \_\_\_\_\_ for this product.

- A) potential market
- B) available market
- C) target market
- D) projected market
- E) penetrated market

Answer: A

Page Ref: 85

Objective: 5

AACSB: Analytic skills

Difficulty: Moderate

59) \_\_\_\_\_ for a product is the total volume that would be bought by a defined customer group in a defined geographical area in a defined time period in a defined marketing environment under a defined marketing program.

- A) Company demand
- B) Area market potential
- C) Market demand
- D) Company sales potential
- E) Total market potential

Answer: C

Page Ref: 86

Objective: 5

Difficulty: Easy

60) With an increase in marketing expenditure, market demand \_\_\_\_\_.

- A) continues to increase at an increasing rate
- B) initially increases and then declines
- C) increases first at an increasing rate, then at a decreasing rate
- D) decreases first and then spikes
- E) continues to increase at a decreasing rate.

Answer: C

Page Ref: 86

Objective: 5

Difficulty: Moderate

61) The base sales of an organization that takes place even without any demand-stimulating expenditures is called \_\_\_\_\_.

- A) primary demand
- B) market potential
- C) market minimum
- D) optimum demand
- E) market demand

Answer: C

Page Ref: 86

Objective: 5

Difficulty: Easy

62) The distance between the market minimum and the market potential shows the overall \_\_\_\_\_.

- A) marketing sensitivity of demand
- B) market share of the firm
- C) market forecast of the firm
- D) product-penetration percentage
- E) sales quota

Answer: A

Page Ref: 86

Objective: 5

Difficulty: Easy

63) A low market-penetration index indicates \_\_\_\_\_.

- A) it will be expensive for the firms to attract the few remaining prospects
- B) substantial growth potential for all firms
- C) the rival firms try to capture greater market share by lowering their product price
- D) the profit margins of the firms decline
- E) the firms cannot raise demand substantially by raising its market expenditure

Answer: B

Page Ref: 86

Objective: 5

Difficulty: Moderate

64) Only one level of industry marketing expenditure will actually occur. The market demand corresponding to this level is called the \_\_\_\_\_.

- A) market minimum
- B) market share
- C) market forecast
- D) market potential
- E) company demand

Answer: C

Page Ref: 87

Objective: 5

Difficulty: Easy

65) A company can expect to expand its market share to a large extent when \_\_\_\_\_.

- A) it has a high market-penetration index
- B) its share-penetration index is low
- C) its share-penetration index is high
- D) its product-penetration percentage is high
- E) it has a low market potential

Answer: B

Page Ref: 87

Objective: 5

Difficulty: Moderate

66) During recession, the market demand curve which is a function of marketing expenditure \_\_\_\_\_.

- A) shifts upward
- B) becomes vertical
- C) remains unaffected
- D) shifts downward
- E) slopes downward

Answer: D

Page Ref: 87

Objective: 5

AACSB: Dynamics of the global economy

Difficulty: Difficult

67) The sales goal set for a product line, company division, or sales representative of an organization is called \_\_\_\_\_.

- A) sales budget
- B) company sales forecast
- C) sales quota
- D) company sales potential
- E) market potential

Answer: C

Page Ref: 87

Objective: 5

Difficulty: Easy

68) A \_\_\_\_\_ is a conservative estimate of the expected volume of sales, primarily for making current purchasing, production, and cash flow decisions.

- A) sales budget
- B) company sales forecast
- C) sales quota
- D) company sales potential
- E) market potential

Answer: A

Page Ref: 87

Objective: 5

Difficulty: Easy

69) \_\_\_\_\_ is the limit approached by market demand as industry marketing expenditures approach infinity for a given marketing environment.

- A) Sales budget
- B) Company sales forecast
- C) Sales quota
- D) Company sales potential
- E) Market potential

Answer: E

Page Ref: 87

Objective: 5

Difficulty: Easy

70) \_\_\_\_\_ is the company's estimated share of market demand at alternative levels of company marketing effort in a given time period.

- A) Sales budget
- B) Market demand
- C) Company demand
- D) Company sales potential
- E) Market potential

Answer: C

Page Ref: 87

Objective: 5

Difficulty: Easy

71) \_\_\_\_\_ is the sales limit approached by company demand as company marketing effort increases relative to that of competitors.

- A) Sales budget
- B) Market demand
- C) Company demand
- D) Company sales potential
- E) Market potential

Answer: D

Page Ref: 87

Objective: 5

Difficulty: Easy

72) A company's sales potential would be equal to market potential if \_\_\_\_\_.

- A) the marketing expenditure of the company is reduced to zero
- B) industry marketing expenditures approach infinity for a given marketing environment
- C) the market is non-expandable
- D) market minimum is equal to market potential
- E) the company gets 100 percent share of the market

Answer: E

Page Ref: 87

Objective: 5

Difficulty: Moderate

73) \_\_\_\_\_ is the maximum sales available to all firms in an industry during a given period, under a given level of industry marketing effort and environmental conditions.

- A) Company demand
- B) Market demand
- C) Company sales potential
- D) Sales quota
- E) Total market potential

Answer: E

Page Ref: 88

Objective: 5

Difficulty: Easy

74) Suppose an individual buyer purchases three pairs of shoes each year at \$50 each pair and that there are 50 million such consumers in the economy. Compute the total market potential for shoes.

- A) \$6,500 million
- B) \$5,000 million
- C) \$75 billion
- D) \$7,500 million
- E) \$10,000 million

Answer: D

Page Ref: 88

Objective: 5

Difficulty: Easy

75) The \_\_\_\_\_ method of determining area market potential calls for identifying all the potential buyers in each market and estimating their potential purchases.

- A) group-discussion
- B) market-test
- C) market-buildup
- D) brand development index
- E) multiple-factor index

Answer: C

Page Ref: 88

Objective: 5

Difficulty: Easy

76) An efficient method of estimating area market potentials makes use of the \_\_\_\_\_, developed by the U.S. Bureau of the Census in conjunction with the Canadian and Mexican governments. It classifies all manufacturing into 20 major industry sectors and further breaks each sector into a six-digit, hierarchical structure.

- A) Thomson Reuters Business Classification
- B) Global Industrial Classification Standard
- C) North American Product Classification System
- D) Industry Classification Benchmark
- E) North American Industry Classification System

Answer: E

Page Ref: 88

Objective: 5

Difficulty: Easy

77) Which of the following organizations is likely to use the multiple-factor index method to estimate the market potential?

- A) a firm that manufactures auto parts
- B) a firm that provides facility management services to large offices
- C) a company that provides Web site development services for small businesses
- D) a company that manufactures diagnostic machines for hospitals
- E) a firm that manufactures fashionable clothes for teenagers

Answer: E

Page Ref: 88

Objective: 5

AACSB: Analytic skills

Difficulty: Moderate

78) Which of the following is true of the various elements of the multi-factor index method of estimating area market potentials?

- A) Zip+4 code centers generally have stable boundaries and a population of about 4000.
- B) The weights in the buying-power index are somewhat arbitrary.
- C) Normally, the lower the BDI, the less room there is to grow the brand.
- D) Census tracts are a little larger than neighborhoods.
- E) This method is primarily used by business marketers.

Answer: B

Page Ref: 89

Objective: 5

Difficulty: Easy

79) Suppose Concrete Express, a cement manufacturing firm, finds that its sales have increased by 3 percent this year, while industry sales have increased by 5 percent. This implies that \_\_\_\_\_.

- A) Concrete Express has acquired additional market share in relation to the cement industry
- B) Concrete Express is losing its relative standing in the cement industry
- C) other players in the industry are losing market share
- D) the absolute market share of Concrete Express has declined
- E) Concrete Express's position in relation to the industry has remain unchanged

Answer: B

Page Ref: 90

Objective: 5

AACSB: Analytic skills

Difficulty: Moderate

80) For which of the following categories of products will demand forecasting be easiest?

- A) commodities which are in the initial stage of their product life cycles
- B) products which have many close substitutes in the market
- C) goods which are produced in an oligopoly market
- D) products whose sales fluctuate widely
- E) products whose consumers are highly sensitive to change in price

Answer: C

Page Ref: 90

Objective: 5

Difficulty: Moderate



81) Novamalt Inc., a manufacturer of health drinks, plans to introduce its new range of woman health drinks into the market. It involves a specialized marketing research firm to forecast the sales of this product. The research firm analyzes past buying behavior of customers and uses time-series analysis for making the sales forecasts. Which of the following information bases is being used by the research firm in this scenario?

- A) what people say
- B) what people do
- C) what people have done
- D) what people will do
- E) what people speculate

Answer: C

Page Ref: 90

Objective: 5

AACSB: Analytic skills

Difficulty: Moderate

82) Timeseries analysis method of forecasting sales breaks past time series into four components- trend, cycle, seasonal, and \_\_\_\_\_.

- A) regular
- B) annual
- C) erratic
- D) recurring
- E) periodic

Answer: C

Page Ref: 91

Objective: 5

Difficulty: Easy

83) \_\_\_\_\_ projects the next period's sales by combining an average of past sales and the most recent sales, giving more weight to the latter.

- A) Timeseries analysis
- B) Statistical demand analysis
- C) Econometric analysis
- D) Cost effectiveness analysis
- E) Exponential smoothing

Answer: E

Page Ref: 91

Objective: 5

Difficulty: Easy

84) \_\_\_\_\_ measures the impact of a set of causal factors (such as income, marketing expenditures, and price) on the sales level.

- A) Timeseries analysis
- B) Statistical demand analysis
- C) Econometric analysis
- D) Cost effectiveness analysis
- E) Exponential smoothing

Answer: B

Page Ref: 91

Objective: 5

Difficulty: Easy

85) The sales forecasting method of \_\_\_\_\_ builds sets of equations that describe a system and statistically derives the different parameters that make up the equations statistically.

- A) timeseries analysis
- B) statistical demand analysis
- C) econometric analysis
- D) cost effectiveness analysis
- E) exponential smoothing

Answer: C

Page Ref: 91

Objective: 5

Difficulty: Easy

86) Marketers have little information about how consumption patterns vary across and within countries.

Answer: FALSE

Page Ref: 68

Objective: 1

Difficulty: Easy

87) Companies with superior information enjoy a competitive advantage.

Answer: TRUE

Page Ref: 69

Objective: 1

Difficulty: Easy

88) Many firms use the Internet and extranets to improve the speed, accuracy, and efficiency of the order-to-payment cycle.

Answer: TRUE

Page Ref: 70

Objective: 2

Difficulty: Easy

89) Few consumers actually delete cookies frequently. When customers do not delete cookies, they expect customized marketing appeals and deals.

Answer: TRUE

Page Ref: 70

Objective: 2

Difficulty: Moderate

90) Mailing of a new offer to a handful of selected customers instead of all customers reduces the response rate to the offer.

Answer: FALSE

Page Ref: 71

Objective: 2

Difficulty: Moderate

91) Competitive intelligence gathering is inherently illegal and unethical.

Answer: FALSE

Page Ref: 72

Objective: 3

Difficulty: Easy

92) If a company were pursuing a policy of networking externally to gather marketing intelligence, it might collect competitors' ads or look up news stories about competitors.

Answer: TRUE

Page Ref: 72

Objective: 3

Difficulty: Easy

93) One of the ways to find relevant online information on competitors' strengths and weaknesses might be to frequent distributor or sales agent feedback sites.

Answer: TRUE

Page Ref: 73

Objective: 3

Difficulty: Easy

94) The competitive intelligence function works best when it is closely coordinated with the decision-making process.

Answer: TRUE

Page Ref: 73

Objective: 3

Difficulty: Easy

95) A fad is more predictable and durable than a trend.

Answer: FALSE

Page Ref: 74

Objective: 3

Difficulty: Easy

96) A new market opportunity generally guarantees success, if the new product is technically feasible.

Answer: FALSE

Page Ref: 74

Objective: 4

Difficulty: Moderate

97) Demographic developments are often unpredictable.

Answer: FALSE

Page Ref: 75

Objective: 4

Difficulty: Easy

98) Population growth is highest in countries and communities that can least afford it.

Answer: TRUE

Page Ref: 75

Objective: 4

Difficulty: Easy

99) There is a global trend toward an aging population.

Answer: TRUE

Page Ref: 75

Objective: 4

Difficulty: Easy

100) The basis of cohort segmentation is that the experiences of key defining moments during the time when an individual becomes an adult can influence his or her values, preferences, and buying behaviors for the rest of his or her life.

Answer: TRUE

Page Ref: 76

Objective: 4

Difficulty: Easy

101) Marketing strategies of firms should not consider the ethnic and racial diversity existing in their markets.

Answer: FALSE

Page Ref: 77

Objective: 4

Difficulty: Easy

102) Consumers belonging to the same ethnic group have identical tastes and preferences.

Answer: FALSE

Page Ref: 77

Objective: 4

Difficulty: Easy

103) Of all illiterate adults in the world, two-thirds are women.

Answer: TRUE

Page Ref: 77

Objective: 4

Difficulty: Easy

104) Households comprising of single, separated, widowed, and divorced individuals generally demand larger apartments, and expensive appliances, furniture, and furnishings.

Answer: FALSE

Page Ref: 77

Objective: 4

Difficulty: Easy

105) The available purchasing power in an economy depends on current income, prices, savings, debt, and credit availability.

Answer: TRUE

Page Ref: 77

Objective: 4

Difficulty: Easy

106) Industrial economies provide limited marketing opportunities for luxurious goods.

Answer: FALSE

Page Ref: 78

Objective: 4

Difficulty: Easy

107) Markets with a segment of very wealthy consumers, but high income disparity, present few opportunities to marketers.

Answer: FALSE

Page Ref: 78

Objective: 4

Difficulty: Moderate

108) Business has responded to increased awareness of nature's fragility and finiteness by producing wider varieties of camping, hiking, boating, and fishing gear such as boots, tents, backpacks, and accessories.

Answer: TRUE

Page Ref: 79

Objective: 4

Difficulty: Easy

109) Secondary beliefs and values are passed on from parents to children and reinforced by major social institutions, making them very difficult to change by marketers.

Answer: FALSE

Page Ref: 79

Objective: 4

Difficulty: Moderate

110) Environmental regulations enforced by the government adversely affect automobile and steel manufacturing companies.

Answer: TRUE

Page Ref: 80

Objective: 4

Difficulty: Easy

111) Corporate environmentalism recognizes the need to integrate environmental issues into the firm's strategic plans.

Answer: TRUE

Page Ref: 81

Objective: 4

Difficulty: Easy

112) Firms that can develop substitute materials for finite nonrenewable resources have an excellent opportunity.

Answer: TRUE

Page Ref: 81

Objective: 4

Difficulty: Easy

113) The time between introduction of products and peak production is shrinking.

Answer: TRUE

Page Ref: 83

Objective: 4

Difficulty: Easy

114) A growing portion of U.S. R&D expenditures goes to the development as opposed to the research side.

Answer: TRUE

Page Ref: 84

Objective: 4

Difficulty: Easy

115) Regulation of technological changes has been relaxed by the U.S. government over recent years.

Answer: FALSE

Page Ref: 84

Objective: 4

Difficulty: Easy

116) Environmental laws imposed by the government may at times create new business opportunities.

Answer: TRUE

Page Ref: 84

Objective: 4

Difficulty: Easy

117) Demand estimates prepared by companies are based on four different time periods.

Answer: FALSE

Page Ref: 85

Objective: 5

Difficulty: Easy

118) The penetrated market is the set of consumers who have an interest in a market offer but do not have the accessibility.

Answer: FALSE

Page Ref: 85

Objective: 5

Difficulty: Easy

119) Market demand for a product is the total volume that would be bought by a defined customer group in a defined geographical area in a defined time period in a defined marketing environment under a defined marketing program.

Answer: TRUE

Page Ref: 86

Objective: 5

Difficulty: Easy

120) An expansible market is unlikely to be affected by the level of industry marketing expenditures.

Answer: FALSE

Page Ref: 86

Objective: 5

Difficulty: Easy

121) The market forecast shows expected market demand, not maximum market demand.

Answer: TRUE

Page Ref: 87

Objective: 5

Difficulty: Easy

122) Companies assume that the lower the product-penetration percentage, the lower will be the market potential.

Answer: FALSE

Page Ref: 87

Objective: 5

Difficulty: Moderate

123) In order to estimate future demand, companies commonly prepare a company sales forecast first, followed by an industry forecast, and finally a macroeconomic forecast.

Answer: FALSE

Page Ref: 90

Objective: 5

Difficulty: Moderate

124) Forecasting is the art of anticipating what buyers are likely to do under a given set of conditions.

Answer: TRUE

Page Ref: 91

Objective: 5

Difficulty: Easy

125) Sales reps might have better insight into developing trends than any other group, and forecasting might give them greater confidence in their sales quotas and more incentive to achieve them.

Answer: TRUE

Page Ref: 91

Objective: 5

Difficulty: Moderate

126) What is a marketing information system (MIS)? From what sources is the MIS developed?

Answer: A marketing information system (MIS) consists of people, equipment, and procedures to gather, sort, analyze, evaluate, and distribute needed, timely, and accurate information to marketing decision makers.

A marketing information system is developed from internal company records, marketing intelligence activities, and marketing research.

Page Ref: 69

Objective: 1

AACSB: Use of IT

Difficulty: Easy

127) What is a marketing intelligence system? How can marketing intelligence data be collected?

Answer: A marketing intelligence system is a set of procedures and sources that managers use to obtain

everyday information about developments in the marketing environment. The marketing intelligence system supplies happenings data.

Marketing managers collect marketing intelligence in a variety of different ways, such as by reading books, newspapers, and trade publications; talking to customers, suppliers, and distributors; monitoring social media on the Internet; and meeting with other company managers.

Page Ref: 71

Objective: 3

Difficulty: Moderate



128) What are the various steps a company can take to improve the quality of its marketing intelligence function?

Answer: The steps are: (1) a company can train and motivate the sales force to spot and report new developments; (2) a company can motivate distributors, retailers, and other intermediaries to pass along important intelligence; (3) a company can network externally; (4) a company can set up a customer advisory panel; (5) a company can take advantage of government data resources; (6) a company can purchase information from outside suppliers; and (7) a company can use online customer feedback systems to collect competitive intelligence.

Page Ref: 72

Objective: 3

Difficulty: Moderate

129) List and briefly describe the five main ways in which marketers can find relevant online information on competitors' strengths and weaknesses.

Answer: The five ways are: (1) independent customer goods and service review forums; (2) distributor or sales agent feedback sites which are built by the distributors themselves to describe their experience and level of satisfaction on products or services; (3) combo sites offering customer reviews and expert opinions mainly on financial services and high-tech products that require professional knowledge; (4) customer complaint sites designed mainly for dissatisfied customers, which allows customers to express their dissatisfaction in certain firms or products; and (5) public blogs offering personal opinions, reviews, ratings and recommendations on virtually any topic.

Page Ref: 73

Objective: 3

AACSB: Use of IT

Difficulty: Moderate

130) How are household patterns anticipated to change over the next few years? What will be the impact of such changes on the demand for different goods?

Answer: By 2010, only one in five U.S. households will consist of married couples with children under the age of 18, the "traditional household." More people are divorcing or separating, choosing not to marry, marrying later, or marrying without the intention to have children. By 2010, childless married couples and empty nesters will constitute the largest household group, followed by single live-alones. Nontraditional households are currently growing more rapidly than traditional ones.

Demand for smaller apartments; inexpensive and smaller appliances, furniture and furnishings; and smaller-size food packages are likely to increase.

Page Ref: 77

Objective: 4

Difficulty: Moderate

131) What are the different income-distribution patterns? How does income distribution in the economies affect the marketing decision of the firms?

Answer: Marketers often distinguish countries using five income-distribution patterns: (1) very low

incomes; (2) mostly low incomes; (3) very low, very high incomes; (4) low, medium, high incomes; and (5) mostly medium incomes.

The market would be very small in countries with type 1 or 2 income patterns and will be considerably large in the countries with income patterns 3 and 4. Countries which have a marked inequality in income distribution the companies tend to produce goods which are consumed by the mass as well as produce certain luxurious goods to cater to the richer section.

Page Ref: 78

Objective: 4

Difficulty: Moderate

132) Discuss the impact of tougher environmental regulations on businesses, citing examples whenever possible. Also, point out opportunities, if any, presented by these regulations.

Answer: Environmental regulations adversely affect certain industries. They increase the cost of production for a range of industries. For instance, steel manufacturing units and firms which generate electricity are required to install pollution control equipments. Automobile companies are required to develop and use cleaner technology in their vehicles. However, businesses can also achieve significant savings in their energy and gas bills by moving to environmentally friendly ways to heat or cool their offices and run their manufacturing facilities. A shift to paper-less communication can cut costs and pollution. Plus, new business opportunities are opening up in the "green" sectors as is evident in the companies that manufacture and sell emission-control equipment and sell services to help companies adopt environmentally-friendly practices.

Page Ref: 80

Objective: 4

Difficulty: Moderate

133) What does total market potential mean? How can it be estimated?

Answer: Total market potential is the maximum sales available to all firms in an industry during a given period, under a given level of industry marketing effort and environmental conditions.

A common way to estimate total market potential is to multiply the potential number of buyers by the average quantity each purchases, times the price. A variation on this method is the chain-ratio method, which multiplies a base number by several adjusting percentages.

Page Ref: 88

Objective: 5

Difficulty: Easy

134) Suppose a cotton-textile company wants to estimate the area market potential for its high quality fabrics in Houston. List the possible steps that the marketers will follow to compute the area market potential.

Answer: The marketers may follow the following steps: Identify all the potential buyers of textile in the area, primarily the firms manufacturing ready made garments in that area. In order to do that, the company may compile a list from a directory of all manufacturing establishments in the area. Then it can estimate the quantity of fabrics each firm might purchase to produce garments worth \$1 million. Compiling the quantity required by each of the firms, the marketers can estimate the area market potential of the fabric produced by the textile company.

Page Ref: 88

Objective: 5

Difficulty: Moderate

135) Briefly describe the methods of forecasting future demand on the basis of past sales.

Answer: The methods are: 1) Timeseries analysis, that breaks past time series into four components (trend, cycle, seasonal, and erratic) and projects them into the future. 2) Exponential smoothing, that projects the next period's sales by combining an average of past sales and the most recent sales, giving more weight to the latter. 3) Statistical demand analysis, which measures the impact of a set of causal factors (such as income, marketing expenditures, and price) on the sales level. 4) Econometric analysis, builds sets of equations that describe a system and statistically derives the different parameters that make up the equations statistically.

Page Ref: 91

Objective: 5

Difficulty: Moderate

136) What are the two basic advantages that a company's marketers have in identifying significant changes in the market?

Answer: The two advantages are: (1) They have disciplined methods for collecting information; and (2) they spend more time interacting with customers and observing competition.

Page Ref: 67

Objective: 1

Difficulty: Easy

137) Why is it necessary for firms to execute the steps of the order-to-payment cycle quickly and accurately?

Answer: It is necessary for the firms to execute the steps of the order-to-payment cycle quickly and accurately because customers favor firms that can promise timely delivery.

Page Ref: 70

Objective: 2

Difficulty: Easy

138) Skyline Motors, an automobile manufacturing firm, is planning to introduce its new range of sports cars. It decides to offer a zero percent financing to the buyers. Skyline can save its mailing expenses by sending the offer only to its high-scoring customers instead of sending it to every customer in its database. Mention the factors according to which it may rank the customers in its database.

Answer: A company may rank its customers according to factors such as purchase recency, frequency, and monetary value (RFM).

Page Ref: 71

Objective: 2

Difficulty: Moderate

139) List some of the ways in which data mining assists the decision makers of the company.

Answer: Data mining enables the analysts to garner fresh insights into neglected customer segments, recent customer trends, and other useful information. Managers can cross-tabulate customer information with product and salesperson information to yield still-deeper insights.

Page Ref: 71

Objective: 2

Difficulty: Moderate

140) How do the distributors, retailers and other intermediaries help a company to improve the quantity and quality of its marketing intelligence?

Answer: Since marketing intermediaries are often closer to the customer, they can offer helpful insights to the company to improve its marketing intelligence system.

Page Ref: 72

Objective: 3

Difficulty: Easy

141) Suppose Ornate Inc. and Oracle are the only players in digital camera industry. What can Ornate do to acquire marketing intelligence?

Answer: Student answers may vary. Ornate Inc. can network externally to find out more about its competitor Oracle. It can purchase Oracle's products, attend open houses and trade shows, read reports published by the rival firm, attend stockholders' meetings, talk to employees, collect competitors' ads, consult with suppliers, and look up news stories about Oracle.

Page Ref: 72

Objective: 3

Difficulty: Moderate

142) The United States has one of the world's highest percentages of college-educated citizens. What can be the possible implications of this observation to the marketing environment of a U.S. firm?

Answer: The high percentage of college-educated citizens in the United States suggests that there would be high demand for quality books, magazines, and travel. It also implies that there would be a high supply of skilled potential employees. Students can point out other implications.

Page Ref: 77

Objective: 4

AACSB: Analytic skills

Difficulty: Moderate

143) Suppose the people of Greenworld, an island on the southwest Pacific are primarily involved in the direct procurement of edible plants and animals from the wild, foraging and hunting without significant recourse to the domestication of either. On the contrary people in Newland, a country rich in petroleum resources export petroleum to the industrial countries. Which of the two countries mentioned above is likely to offer greater marketing opportunities for luxurious goods and why?

Answer: Newland is likely to produce greater marketing opportunities for luxurious goods as people in this country are likely to have greater affordability than the people in Greenworld.

Page Ref: 78

Objective: 4

AACSB: Analytic skills

Difficulty: Moderate

144) Why do the companies need to search for practical means to harness renewable sources of energy like wind and water?

Answer: Prolonged exploitation of the conventional sources of energy like oil has led to an acute shortage of these resources resulting their prices to increase over time. Firms face substantial cost increase as these resources are depleted, hence they need to search for means to harness the infinite renewable resources.

Page Ref: 81

Objective: 4

Difficulty: Moderate

145) Philips Lighting's first shot at marketing a standalone compact fluorescent light (CFL) bulb was Earth Light, at \$15 each versus 75 cents for incandescent bulbs. The product had difficulty climbing out of its deep green niche, as such marketing efforts of Philips suffered from the "green marketing myopia". Identify the three ways of avoiding this.

Answer: The three keys to avoiding green marketing myopia is the tendency to overly focus on a product's greenness. It can be avoided by (1) appropriately positioning the consumer value; (2) calibrating consumer knowledge; and (3) reinforcing the credibility of product claims.

Page Ref: 82

Objective: 4

Difficulty: Moderate

146) Organix Internationals LLC is planning to introduce its new range of breakfast cereals. List the different product levels that it considers while formulating the demand estimates for the new product.

Answer: The six different product levels that Organix needs to consider to formulate the demand estimates for its new range of cereals are all sales, industry sales, company sales, product line sales, product from sales, and product item sales.

Page Ref: 85

Objective: 5

Difficulty: Difficult

147) Suppose, the Belgian government prohibits sale of cigarettes to people below 20 years of age. Who are likely to comprise the qualified available market for Dunhill, a manufacturer of herbal cigarettes in Belgium?

Answer: Eligible adults (i.e. people above 20 years of age), who have interest and affordability constitute the qualified available market for the cigarettes in Belgium.

Page Ref: 85

Objective: 5

AACSB: Analytic skills

Difficulty: Moderate

148) If the ratio between current and potential levels of market demand is close to unity, what can you infer about the industry's market-penetration index and the growth potential of the firms in the industry?

Answer: The industry has a high market-penetration index and there is a negligible growth potential for all the firms in the industry.

Page Ref: 86

Objective: 5

Difficulty: Easy

149) How does the marketing environment determine the position of the market demand function?

Answer: During economic prosperity the market demand function shifts up as every dollar spent in stimulating demand leads to a greater market demand. Whereas during recession the market demand function shifts downward as an equal increase in marketing expenditure leads to a smaller increase in market demand.

Page Ref: 87

Objective: 5

Difficulty: Difficult

150) Suppose 100 million people consume black tea every year, and an average consumer consumes 8 kgs of tea at an average price of \$3 per kg. Compute the total market potential for tea.

Answer: \$2,400 million

Page Ref: 88

Objective: 5

AACSB: Analytic skills

Difficulty: Moderate

151) Simpsons, a manufacturer of air conditioners, finds that its sales potential is less than its market potential even when it spends a sufficient amount on advertisements and after sale services. What is the basic reason behind such an observation by the marketers of Simpsons?

Answer: Company sales potential is less than the market potential, even when a company's marketing expenditures increase considerably because each firm has a set of loyal consumers unresponsive to other companies' efforts to woo them.

Page Ref: 88

Objective: 5

AACSB: Analytic skills

Difficulty: Moderate

152) Two major methods of computing area market potential are market build-up method and multiple factor-index method. Which of these methods will Nexus Enterprises, a manufacturer of auto parts implement to estimate its market potential?

Answer: Nexus Enterprise will implement market-build up method to estimate its area market potential as this method is primarily used by business marketers such as Nexus.

Page Ref: 88

Objective: 5

AACSB: Analytic skills

Difficulty: Moderate

153) Suppose the brand development index of the detergent manufactured by Fasclean in Boston is 90 and that in Austin is 48. Compare the marketing opportunity of Fasclean detergent in the two cities.

Answer: Fasclean has a greater marketing opportunity for its detergent in Austin than it has in Boston.

Page Ref: 90

Objective: 5

AACSB: Analytic skills

Difficulty: Moderate

154) Suppose Redbus, a player in the small car market is planning to launch its new range of hybrid cars. It decides to estimate the future demand for its new car before launching it in the market. If interviewing consumers is not practical, what alternative technique might it resort to?

Answer: When buyer interviewing is impractical, Redbus may ask its sales representatives to estimate the future sales or use expert opinions.

Page Ref: 91

Objective: 5

AACSB: Analytic skills

Difficulty: Moderate

155) Assume that you are a marketing manager for a youth clothing manufacturer that has just read about the megatrend of the "rising Hispanic influence" in the United States. Explain this megatrend and indicate why it might be important to your company.

Answer: Although Hispanic households represented only 11% of U.S. households in 2000, they made up half of all new workers in the past decade. Hispanic disposable income has risen twice as fast as that of the rest of the population. By some estimates, this is the fastest growing and most influential consumer group. Thus, the company must divert its production to the form of clothing demanded by the Hispanics.

Page Ref: 76-77

Objective: 4

AACSB: Analytic skills

Difficulty: Difficult