

1 Which of the following statements about sales programs and performance is true?

- (A) The sales manager must adapt his or her strategies to the existing environment rather than trying to make the environment fit the strategies
- (B) The sales program is the one part of the marketing strategy that seldom needs changing
- (C) Management should not engage in planning for organizations that operate in volatile environments because their plans would have to be revised or even scrapped frequently
- (D) Factors in the internal and external environment can have a strong influence on strategic plans, but not on strategic implementation
- (E) Changes in an organization's marketing strategy are unlikely to have any impact on its sales program

Answer: (A) The sales manager must adapt his or her strategies to the existing environment rather than trying to make the environment fit the strategies

2 One of your customers suggests ""I'll buy from you if you buy from me."" This could be a violation of _____ laws.

- (A) Packaging and labeling
- (B) Cooling-off
- (C) Tying agreement
- (D) Reciprocal dealing
- (E) Truth-in-lending

Answer: (C) Tying agreement

3 Which of the following statements about the legal-political environment is true?

- (A) The two broad categories of laws that are particularly relevant to salespeople are Federal Trade Commission regulations and state cooling-off laws
- (B) Antitrust laws have no impact on sales activities
- (C) The number of laws regulating personal selling and all other aspects of conducting business have decreased dramatically over the last three decades
- (D) A salesperson's claim that the refrigeration unit he was selling would keep food cold even if the electric power was off for six days could have legal consequences, but not ethical, because the salesperson was simply trying to make a sales when he made that statement
- (E) Many salespeople are unaware that they assume legal obligations every time they approach a customer

Answer: (E) Many salespeople are unaware that they assume legal obligations every time they approach a customer

4 Mike, a sales rep for a major computer software company, knows his company does not plan to maintain updates for the software. When selling the software package to customers he implies the company will continue to support the software. Mike could create a _____ legal problem.

- (A) Truth-in-lending
- (B) Breach of warranty
- (C) Equal employment opportunity
- (D) Situational ethics
- (E) Tying agreement

Answer: (B) Breach of warranty

5 Equal employment opportunity legislation:

- (A) Directly affects how sales managers implement their sales programs
- (B) Is a form of consumer protection legislation
- (C) Is becoming less important as the sales force is becoming more culturally diverse
- (D) Is a form of antitrust legislation
- (E) Does not apply to sales positions

Answer: (A) Directly affects how sales managers implement their sales programs

6 A few years ago, when Internet sales took off, the major automobile manufacturers had to decide whether they would sell directly or through their dealership network. In this situation a change in the industry's _____ environment created a potential change in sales strategy.

- (A) Technological
- (B) Social and cultural
- (C) Political and legal
- (D) Ethical
- (E) Natural

Answer: (A) Technological

7 Sales force ethics is considered to be a part of the _____ environment of organizations.

- (A) Economic
- (B) Internal
- (C) Political and legal
- (D) Ethical
- (E) Natural

Answer: (E) Natural

8 Which of the following statements about ethics and business is true?

- (A) Two-thirds of executives surveyed about their attitude toward commercial bribery said they considered bribes unethical and would never use them as a sales tactic
- (B) Written ethical policies are more harmful than helpful to the sales force because they diminish the salesperson's ability to be flexible
- (C) Bribes and kickbacks are not a problem in the United States
- (D) Management directives do not deal with many situations that are viewed as ethical dilemmas by the sales force
- (E) None of the above statements about ethics and business is true

Answer: (D) Management directives do not deal with many situations that are viewed as ethical dilemmas by the sales force

9 The difference between a law and ethics is best described by:

- (A) What is ethical may not be legal
- (B) Laws are concerned with the development of moral standards
- (C) What is legal may not be ethical
- (D) Formal policies define what is legal and ethical for salespeople
- (E) Legal puffery is ethical too

Answer: (C) What is legal may not be ethical

10 After purchasing a car from a dealership, Martin is told by the dealership that the interest rate will be higher than what he has agreed to when he bought the car. The dealership has probably violated _____ laws.

- (A) Packaging and labeling
- (B) Cooling-off
- (C) Tying agreement
- (D) Reciprocal dealing
- (E) Truth-in-lending

Answer: (E) Truth-in-lending

11 State _____ laws allow consumers to cancel contracts signed with door-to-door salespeople within a limited number of days after agreeing to such contracts.

- (A) Packaging and labeling
- (B) Cooling-off
- (C) Tying agreement
- (D) Reciprocal dealing
- (E) Truth-in-lending

Answer: (B) Cooling-off

12 The Robinson-Patman Act deals with:

- (A) Tying contracts
- (B) Discriminatory prices or services
- (C) Reciprocal dealing arrangements
- (D) Unfair or deceptive packaging
- (E) Price-fixing among competing firms

Answer: (B) Discriminatory prices or services

13 As more and more countries reduce barriers to trade, a sales manager's _____ environment is changing rapidly.

- (A) Natural
- (B) Technological
- (C) Social and Cultural
- (D) Economic
- (E) Legal and Political

Answer: (D) Economic

14 The potential demand for a product within a country depends on that country's:

- (A) Economic growth rate
- (B) Unemployment rate
- (C) Inflation rate
- (D) Disposable income
- (E) All of the above

Answer: (E) All of the above

15 Karen is studying the potential for selling her company's products in China. As part of her analysis, she is assessing the number, types and availability of wholesalers and retailers. Karen is studying the country's:

- (A) Natural conditions
- (B) Technological feasibility
- (C) Social and cultural norms
- (D) Distribution structure
- (E) Legal and political constraints

Answer: (D) Distribution structure

16 Jorge finds he has lost out to his major competitor on three recent contracts. Through his customers, he learns his competitor has cut prices and lowered financing costs. Jorge is observing a change in his _____ environment.

- (A) Economic growth rate
- (B) Technological
- (C) Social and cultural
- (D) Natural
- (E) Legal and political

Answer: (A) Economic growth rate

17 Which of the following is part of the external environment for a distributor of aquariums and everything needed to set up aquariums including tropical fish and plants?

- (A) Employees who care for fish before they are sold to retailers
- (B) Competitors who carry the same aquarium equipment
- (C) The financial resources needed to create the proper environment for breeding the fish
- (D) The participative organizational culture the distributor has
- (E) The distributor's privately-owned warehouse for storing the aquarium equipment

Answer: (B) Competitors who carry the same aquarium equipment

18 Which of the following is NOT a part of a consumer products manufacturer's external economic environment?

- (A) The existing channels of distribution in the industry

- (B) The number of companies competing in that industry
- (C) Society's beliefs about savings and spending
- (D) Unemployment in the area where the manufacturing plant is located
- (E) Nationwide inflation

Answer: (C) Society's beliefs about savings and spending

19 Which of the following types of laws is most important to managers of sales programs?

- (A) Real estate
- (B) Civil liberties
- (C) Consumer protection
- (D) Criminal
- (E) All are important to sales programs

Answer: (C) Consumer protection

20 Antitrust laws:

- (A) Restrict marketing activities that would reduce competition
- (B) Set standards of quality for specific products
- (C) Allow consumers to cancel contracts signed with door-to-door salespeople within a limited number of days after signing the contract
- (D) Prohibit unfair or deceptive packaging
- (E) Do not apply to companies that sell to the consumer market

Answer: (A) Restrict marketing activities that would reduce competition

21 In developing ethical standards for your company, you attempt to anticipate actions that would or could be harmful to consumers or the organization. For your company, ethics is:

- (A) Consistent with legal standards
- (B) More proactive than the law
- (C) Responding to negative consequences of past actions
- (D) A formal statement of legal requirements
- (E) All of the above

Answer: (B) More proactive than the law

22 John, the sales manager for a building materials company, knows the customers in one profitable sales territory, are particularly hostile to women sales reps. John faces an ethical dilemma primarily in the area of:

- (A) Determining compensation and incentives
- (B) Equal treatment in hiring and promotion
- (C) Respect for individuals in supervisory and training programs
- (D) Fairness in the design of sales territories
- (E) Fairness in the assignment of sales territories

Answer: (E) Fairness in the assignment of sales territories

23 How is ethics different from laws?

Answer:

Feedback: A particular action may be legal but not ethical. Ethics is more proactive than the law.

24 What are the major demographic trends in the United States affecting selling?

Answer:

Feedback: The major demographic trends include aging society, influx of minorities, two-income households, greater mobility, and increased desire for leisure time and convenience goods.

25 What two sets of ethical dilemmas are of particular concern to sales managers?

Answer:

Feedback: Ethical issues involved with relationships with salespeople and ethical issues that arise from the interaction of salespeople with customers.

26 What is the most effective way for management to influence the ethical performance of their salespeople?

Answer:

Feedback: Lead by example.

27 What is demarketing?

Answer:

Feedback: Control and allocation of limited supplies of a product based on each customer's purchase history.

28 What six variables make up a firm's internal organizational environment?

Answer:

Feedback: Six categories of organizational variables influence sales management strategy including: (1) goals, objectives, and culture; (2) human resources; (3) financial resources; (4) production and supply chain capabilities; (5) service capabilities; and (6) research and development and technological capabilities.

29 Discuss the issues forcing sales organizations to reinvent themselves in the twenty-first century.

Answer:

Feedback: Building long-term relationships with customers involves creating more nimble and adaptable sales organizational structures to meet the needs of different customer groups, gaining greater job ownership and commitment from salespeople, shifting sales management style from command to coaching, leveraging technology for sales success, and better-integrating salesperson performance evaluation to incorporate the full range of outcomes relevant within sales jobs today.

30 How is sales leadership different from sales management?

Answer:

Feedback: Effective sales leadership includes: (1) communicating with salespeople rather than controlling them, (2) becoming a cheerleader and coach instead of a supervisor or boss, (3) empowering salespeople to make decisions rather than directing them.

31 Equal employment opportunity laws make it unlawful to discriminate against a person in hiring or promotion based on what factors?

Answer:

Feedback: Race, religion, nationality, sex, or age.

32 What are the three categories of laws that are particularly relevant to sales programs?

Answer:

Feedback: Antitrust, consumer protection, and equal employment opportunity laws.

33 The sales management process involves what three interrelated sets of decisions or processes?

Answer:

Feedback: Formulation, implementation and evaluation, and control of the sales program.

34 Sarah and Steve are sales reps for a major pharmaceutical company in the same geographic area. Sarah calls on private practice physicians, while Steve calls on hospital groups. Their sales manager would likely have an ethical dilemma in the area of:

- (A) Determining compensation and incentives
- (B) Equal treatment in hiring and promotion
- (C) Respect for individuals in supervisory and training programs
- (D) Fairness in the design of sales territories
- (E) Fairness in the assignment of sales territories

Answer: (A) Determining compensation and incentives

35 The most effective way for sales managers to influence the ethical performance of their salespeople is:

- (A) To have formal policy
- (B) Provide clear guidelines
- (C) Communicate policies clearly
- (D) Lead by example
- (E) Punish unethical performance

Answer: (D) Lead by example

36 Which of the following is an example of the external natural environment for a manufacturer of metal lawn furniture?

- (A) A longer than usual distribution channel due to a rail strike
- (B) Consumer trend toward treating gardens like another room
- (C) The popularity of metal lawn furniture that looks vintage rather than newly bought
- (D) A flood at the manufacturer's main warehouse
- (E) Inflationary pricing by competitors

Answer: (D) A flood at the manufacturer's main warehouse

37 After a major hurricane, a building products company rationed its supply of roofing materials among its major customers. This is an example of:

- (A) Internal environmental control
- (B) External environmental control

- (C) Demarketing
- (D) Transactional selling
- (E) Discontinuous change

Answer: (C) Demarketing

38 Many firms use environmental scanning to assess their external environment. Environmental scanning should be used to:

- (A) Respond to current crises
- (B) Identify future threats and opportunities
- (C) Determine personnel performance
- (D) Allocate financial resources
- (E) Assist with service delivery

Answer: (B) Identify future threats and opportunities

39 When developing the sales program for her university, Yesenia recognized in the short run, her program:

- (A) Must fit within the organizational situation and limitations
- (B) Should push the envelope of institutional selling
- (C) Must include an analysis of long-term threats
- (D) Should emphasize possibilities rather than current conditions
- (E) Should maximize short run revenues

Answer: (A) Must fit within the organizational situation and limitations

40 Briefly discuss the three ""new-age"" themes of sales management in the twenty-first century.

Answer:

Feedback: Innovation, technology and leadership.

41 What technologies, other than the Internet, are being widely used in sales force communication?

Answer:

Feedback: EDI, electronic data interchange, ECR, efficient customer response systems, and CRM (customer relationship management) systems are all being used.

42 CH 1 How is sales leadership different from sales management?

Answer:

Feedback: Effective sales leadership includes: (1) communicating with salespeople rather than controlling them, (2) becoming a cheerleader and coach instead of a supervisor or boss, (3) empowering salespeople to make decisions rather than directing them.

43 Personal selling is the most expensive marketing communications tool that most organizations use.

- (A) True
- (B) False

Answer: (A) True

44 The most effective way for management to influence the ethical performance of their salespeople is to develop a comprehensive ethical policy.

(A) True

(B) False

Answer: (B) False

45 The development of a sales program actually begins with top management's specification of a mission statement.

(A) True

(B) False

Answer: (A) True

46 Mergers often take place so that the purchased companies can obtain the financial resources necessary to realize their full potential in the marketplace.

(A) True

(B) False

Answer: (A) True

47 Discontinuous changes are environmental changes so different from what has been experienced before that firms must take drastic strategic action in order to be successful.

(A) True

(B) False

Answer: (A) True

48 An integrated marketing strategy is one part of a firm's sales program.

(A) True

(B) False

Answer: (B) False

49 The process cycle for CRM may be broken down into the following four elements: (1) knowledge discovery, (2) market planning, (3) customer interaction and (4) analysis and refinement.

Answer:

50 The first step in developing and implementing market strategies is programming the appropriate marketing mix.

Answer:

51 Dominique, the new national sales manager is learning about the internal organizational environment in her company. She will learn about all of the following EXCEPT:

- (A) Human resources
- (B) Financial resources
- (C) Service capabilities
- (D) Social and cultural environment
- (E) Research and development activities

Answer: (D) Social and cultural environment

52 Many selling situations that involve ethical issues are not addressed by management directives.

- (A) True
- (B) False

Answer: (A) True

53 The most obvious impact of the technical environment on marketing is the ability to create and maintain huge customer databases.

- (A) True
- (B) False

Answer: (B) False

54 Antitrust laws are aimed primarily at preserving and enhancing competition among firms in an industry.

- (A) True
- (B) False

Answer: (A) True

55 The sales force is usually a firm's most direct link with the customer.

- (A) True
- (B) False

Answer: (A) True

56 A focus on relationship selling usually increases the number of vendors a company does business with.

- (A) True
- (B) False

Answer: (B) False

57 Today it is common for sales managers to direct rather than mentor salespeople.

- (A) True
- (B) False

Answer: (B) False

58 The sales manager of the future is more likely to be a coach or a team leader rather than an authoritative figure isolated in the upper reaches of a corporate hierarchy.

(A) True

(B) False

Answer: (A) True

59 The building of relationships between buyers and sellers requires a much greater emphasis on ethics than was expected with transactional exchanges.

(A) True

(B) False

Answer: (A) True

60 Selling skills and requirements vary due to the consistency of the buying process and constant level of product complexity.

(A) True

(B) False

Answer: (A) True

61 The five broad categories that make up the external environment are (1) economic, (2) social and cultural, (3) legal, political, and ethical, (4) natural and (5) technical.

(A) True

(B) False

Answer: (A) True

62 A company's distribution system is part of its external economic environment.

(A) True

(B) False

Answer: (A) True

63 Brendan is a new sales rep and is learning about his company's corporate culture. He will try to learn about the company's:

(A) Financial condition

(B) Service capabilities

(C) History

(D) Research and development efforts

(E) Technological capacity

Answer: (C) History

64 Much of what drives ethical behavior in sales organizations is the overall culture of the firm and:

- (A) Service capabilities
- (B) Technological support
- (C) Supply chain management strategies
- (D) The tone set by upper management
- (E) The external environment

Answer: (D) The tone set by upper management

65 Brenda is the newly appointed sales manager for Beta Business Products. She knows sales force management is a dynamic process and therefore:

- (A) Arranges her office to facilitate leadership
- (B) Studies her firm's environmental circumstances including both internal and external environments
- (C) Solicits business from old contacts as a first priority
- (D) Sells senior management on the idea of leaving the sales force alone
- (E) Offers bonuses to salespeople who meet their goals

Answer: (B) Studies her firm's environmental circumstances including both internal and external environments

66 Sales management is a multi-step interrelated process. Which step is concerned with selecting appropriate sales personnel and designing and implementing policies and procedures that will direct their efforts towards the desired objectives?

- (A) The organizing stage of the sales program
- (B) The implementation stage of the sales program
- (C) The evaluation and control of sales force performance
- (D) The formulation of the strategic sales program
- (E) All of the above processes are involved with selecting appropriate sales personnel and designing and implementing policies and procedures that will direct their efforts toward the desired objectives

Answer: (B) The implementation stage of the sales program

67 Sales management is a multi-step interrelated process. Which step is concerned with environmental factors and attempts to organize the overall selling efforts as well as integrate them with other elements of the firm's marketing strategy?

- (A) The organizing stage of the sales program
- (B) The implementation stage of the sales program
- (C) The evaluation and control of sales force program
- (D) The formulation of the sales program
- (E) All of the above processes are concerned with environmental factors and attempt to organize the overall selling efforts as well as integrate them with other elements of the firm's marketing strategy

Answer: (D) The formulation of the sales program

68 Microsoft's bundling of personal computer operating systems with its Web browser is an example of:

- (A) An environmental force that can constrain other organization's ability to pursue certain marketing strategies or activities
- (B) Environmental variables and changes in those variables over time, helping to determine the ultimate success or failure of marketing strategies
- (C) Changes in the environment creating new marketing opportunities for an organization
- (D) Environmental variables affected or changed by marketing activities
- (E) None of the above

Answer: (A) An environmental force that can constrain other organization's ability to pursue certain marketing strategies or activities

69 Anti-obesity promotions by the government and other health organizations is an example of:

- (A) An environmental force that can constrain other organization's ability to pursue certain marketing strategies or activities
- (B) Environmental variables and changes in those variables over time, helping to determine the ultimate success or failure of marketing strategies
- (C) Changes in the environment creating new marketing opportunities for an organization
- (D) Environmental variables affected or changed by marketing activities
- (E) None of the above

Answer: (D) Environmental variables affected or changed by marketing activities

70 Voice over Internet Protocol (VoIP) a technology allowing telephone calls using the Internet is an example of:

- (A) An environmental force that can constrain other organization's ability to pursue certain marketing strategies or activities
- (B) Environmental variables and changes in those variables over time, helping to determine the ultimate success or failure of marketing strategies
- (C) Changes in the environment creating new marketing opportunities for an organization
- (D) Environmental variables affected or changed by marketing activities
- (E) None of the above

Answer: (C) Changes in the environment creating new marketing opportunities for an organization

71 The increasing number of Spanish-speaking consumers in many areas of the United States is an example of:

- (A) An environmental force that can constrain other organization's ability to pursue certain marketing strategies or activities
- (B) Environmental variables and changes in those variables over time, helping to determine the ultimate success or failure of marketing strategies
- (C) Changes in the environment creating new marketing opportunities for an organization
- (D) Environmental variables affected or changed by marketing activities
- (E) None of the above

Answer: (B) Environmental variables and changes in those variables over time, helping to determine the ultimate success or failure of marketing strategies

72 Gwen, a sales manager for Delicious Diets, knows it is important to:

- (A) Monitor the marketing environment
- (B) Predict how the environment might change
- (C) Develop strategies for changing marketing environments
- (D) Create plans for the sales function suited to environmental conditions
- (E) All of the above

Answer: (E) All of the above

73 A sucker may be born every minute, but if your business depends on repeat business and word-of-mouth advertising:

- (A) Transactional sales will work best
- (B) Relationship selling will conflict with ethical standards
- (C) High ethical standards are required
- (D) Sales managers will need to control all aspects of the sales process
- (E) Static sales strategies will work best

Answer: (C) High ethical standards are required

74 Alex is the new sales manager for FDP pet vitamins. He quickly recognizes his sales force does not have a global focus. To help motivate his staff toward expanding globally he points out:

- (A) Today, customers can communicate worldwide
- (B) There are significant growth opportunities outside the domestic market
- (C) Their customers are global
- (D) All of the above
- (E) None of the above

Answer: (D) All of the above

75 In the twenty-first century, sales leaders are:

- (A) Controlling rather than communicative with personnel
- (B) Becoming coaches instead of supervisors
- (C) Empowering sales managers to make decision
- (D) Centralizing control as bosses
- (E) Directing sales people to achieve the defined goals

Answer: (B) Becoming coaches instead of supervisors

76 Which of the following questions addresses the internal organizational issue of supply chain capabilities?

- (A) Can we afford to do this?
- (B) Will we meet Wal-Mart's delivery deadline?
- (C) What will senior management think?
- (D) When will the new product line be developed?
- (E) All of the above are supply chain capability questions

Answer: (B) Will we meet Wal-Mart's delivery deadline?

77 Discontinuous changes force companies to:

- (A) Lower their prices
- (B) Take drastic strategies in order to be successful
- (C) Expand long-term research and development capabilities
- (D) Implement an integrated sales strategy into the corporate culture
- (E) Move from relationship to transactional selling

Answer: (B) Take drastic strategies in order to be successful

78 Which of the following statements about sales force management is true?

- (A) The sales force is the firm's most direct link to the customer
- (B) The statement, ""The world will beat a path to your door if you build a better mousetrap,"" reflects how business operates today
- (C) As organizations implement the marketing concept, they soon realize how important it is to be sales-oriented
- (D) Personal selling is usually less expensive than advertising
- (E) Sales management is no different from any other kind of management

Answer: (A) The sales force is the firm's most direct link to the customer

79 Which of the following statements about the sales force in the twenty-first century is true?

- (A) Sales managers will use a hands-off approach and let the professional salesperson be his or her own boss
- (B) Transactional exchanges no longer occur
- (C) Sales management must be smart and nimble and provide technology-centered solutions to support the sales effort
- (D) Salespeople make little use of the Internet because they realize the importance of the personal touch
- (E) All of the above statements about the sales force in the twenty-first century are true

Answer: (C) Sales management must be smart and nimble and provide technology-centered solutions to support the sales effort

80 Sales force managers are confronted with many new issues in the twenty-first century including:

- (A) Creating more nimble sales force organization
- (B) Building long-term relationships with customers
- (C) Gaining greater commitment from salespeople
- (D) Leveraging available technology
- (E) All of the above

Answer: (E) All of the above

81 The difference between transactional selling and relationship selling is:

- (A) In transaction, selling buyers must pay cash
- (B) In relationship selling, buyers and sellers must be related
- (C) In transaction selling, sellers provide greater service
- (D) In relationship selling, sellers work to provide value to their customers
- (E) In transaction selling, the transaction is the beginning of a relationship

Answer: (D) In relationship selling, sellers work to provide value to their customers

82 The movement toward relationship selling causes most firms to:

- (A) Increase the size of the sales force
- (B) Reduce the number of vendors they do business with
- (C) Focus on maximizing sales
- (D) Increase the cost of value management
- (E) Solicit new sources of supply rather than from existing sources

Answer: (B) Reduce the number of vendors they do business with

83 Which of the following is NOT one of the technology tools used by most salespeople?

- (A) Electronic data interchange
- (B) Efficient consumer response systems
- (C) Synchronized customer solicitations
- (D) Customer relationship management
- (E) The Internet

Answer: (C) Synchronized customer solicitations

84 Which of the following is NOT part of the external environment for a manufacturer of custom-made office furniture?

- (A) A study on ergonomics by an engineering group
- (B) The major distributor of wood veneers it uses in making its furniture
- (C) The workers who craft the furniture to buyer specification
- (D) A railway strike
- (E) A competitor that makes similar-looking products with less expensive materials

Answer: (C) The workers who craft the furniture to buyer specification