



Competency Based Competitive Events Written Exam Sample

Automotive Services Marketing



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1. One of the main functions of the legal procedure is to

- A. resolve disputes.
- B. enact legislation.
- C. establish laws.
- D. regulate business.

2. An auto-parts company developing franchise arrangements is an example of a(n)

- A. operating technique.
- B. noneconomic issue.
- C. inventory system.
- D. distribution trend.

3. Which of the following factors affects international trade and increases the demand for automotive products and services throughout the world:

- A. Improved quality of life
- B. Additional types of warehousing
- C. Decreased interest in buying
- D. Regional shopping centers

4. One advantage to muffler shops of using electronic funds transfer technology to collect accounts receivable is that it eliminates

- A. sales discounting.
- B. liquidity reporting.
- C. check processing.
- D. payee outsourcing.

5. Which of the following is an example of marketing rather than retailing in the automotive services industry:

- A. An automotive accessory shop purchasing floor mats
- B. A service station buying gasoline to resell
- C. A tire and battery store selling snow tires
- D. An auto-parts store advertising a special sale

6. What is the advantage to automotive services businesses of reviewing internal records to obtain information?

- A. Data are specific to the company.
- B. Statistics are expensive to compile.
- C. Employees have limited access.
- D. Research techniques are complex.

7. Buying the right assortment of goods so the auto-parts store will make a profit is an important_____ activity.

- A. selling
- B. merchandising
- C. marketing
- D. retailing

8. What is the purpose of limited-time warranties that are offered by the automobile industry?

- A. To reduce expenses
- B. To guarantee repairs
- C. To increase sales
- D. To regulate services

9. One way that automotive accessory stores promote certain types of merchandise is by developing

- A. lists of benefits.
- B. contracts with vendors.
- C. themes for displays.
- D. descriptions of features.

10. Automobile dealerships usually work with factory representatives because the representatives are able to

- A. solve problems for customers.
- B. process sales transactions.
- C. dispose of hazardous materials.
- D. explain shipping processes.

1. A

Resolve disputes. The legal procedure is the process of reviewing disputes or claims and resolving them in a fair manner. Businesses are often involved in disputes with other entities, such as suppliers or competitors. If a business believes it has been wronged by another, the business follows the appropriate legal procedure to resolve the issue. Enacting legislation, establishing laws, and regulating business are not the main functions of the legal procedure.

SOURCE: BL:070

SOURCE: Miller, R.L., & Jentz, G.A. (2005). *Fundamentals of business law* (6th ed.) [pp. 32-40].

Mason, OH: Thomson/South-Western.

2. D

Distribution trend. A franchise is a contractual agreement between a parent company and a franchisee to distribute goods or services. Distributing products through franchises is a growing trend. For example, some auto-parts manufacturers have franchise arrangements with auto-parts stores that carry the name of the manufacturer and sell the manufacturer's products. This is an example of a distribution trend because it expedites the distribution of products. Developing franchise arrangements is not an example of a noneconomic issue, an inventory system, or an operating technique.

SOURCE: DS:103

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2006). *Marketing essentials* (p. 455). New

York: Glencoe/McGraw-Hill.

3. A

Improved quality of life. International trade is improving the quality of life in many countries throughout the world and creating a market for a variety of products. Some products that are becoming more in demand are automotive products, such as the automobile and gasoline. As people in other countries improve their financial situation, they have more money available to spend on consumer goods such as automobiles. As a result, the demand for automobiles and other automotive products on the world market is expected to increase substantially over the next few years. Additional types of warehousing, a decreased interest in buying, and regional shopping centers do not affect international trade and increase the demand for automotive products and services.

SOURCE: EC:089

SOURCE: Cateora, P.R., & Graham, J.L. (1999). *International*

marketing (10th ed.) [pp. 34-35]. Boston: Irwin/McGraw-Hill.

4. C

Check processing. The technology of electronic funds transfer makes it possible for customers to pay invoices electronically so the cash is transferred from their bank account to the muffler shop's bank account. This eliminates the need for the shop to handle checks, fill out deposit slips, and send the checks to the bank for processing. The cash is available immediately, and the muffler shop does not need to wait for a check to be processed before it can access the funds. The use of electronic funds transfer to collect accounts receivables does not eliminate liquidity reporting, sales discounting, or payee outsourcing.

SOURCE: FI:352

SOURCE: Cunningham, B.M., Nikolai, L.A., & Bazley, J.D. (2000). *Accounting: Information for business decisions* (p. 444). Orlando, FL: Harcourt.

5. D

An auto-parts store advertising a special sale. Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders. Retailing involves buying goods and selling them to the ultimate consumer. Therefore, advertising a special sale is a marketing function because it is communicating information to customers. Buying gasoline to resell, selling snow tires, and purchasing floor mats are retailing activities.

SOURCE: MK:003

SOURCE: Mill, R.C. (2001). *Restaurant management: Customers, operations, and employees* (2nd ed.) [pp. 50-52]. Upper Saddle River, NJ: Prentice Hall.

6. A

Data are specific to the company. Internal data are available within the automotive services business, such as in purchase orders, invoices, sales receipts, inventory reports, etc. The information contained in these records is specific to the company and reflects how the company operates. The advantage of reviewing specific data is that the information pertains to the company and can be used to solve specific problems. For example, inventory reports will indicate if certain products are selling well or if the business needs to make adjustments. This is not the type of information that the business can obtain by reviewing external data. Statistics are not necessarily expensive to compile. Employees often have unlimited access to a variety of company information. Research techniques are not necessarily complex. In fact, some are very simple.

SOURCE: NF:082

SOURCE: Mescon, M.H., Bovee, C.L., & Thill, J.V. (1999). *Business today* (9th ed.) [pp. AII.1-AII.2]. Upper Saddle River, NJ: Prentice Hall.

7. B

Merchandising. Merchandising is the process of having the right goods in the right place at the right time in order to make a profit. There are many types of merchandising activities. One of these is buying the assortment of goods that the auto-parts store will sell to customers. It is important to buy the goods that customers want and to buy the quantity that they will purchase. Otherwise, stores will be left with merchandise that they paid for but cannot sell. Buying the right assortment of goods is a merchandising activity rather than a selling, marketing, or retailing activity.

SOURCE: PD:088

SOURCE: Dunne, P., Lusch, R., & Griffith, D. (2002). *Retailing* (4th ed.) [p. 277]. Mason, OH: South-Western.

8. B

To guarantee repairs. A warranty is a promise made by the seller to the consumer that the seller will repair or replace a product that does not perform as expected. In the automobile industry, most warranties carry a specific time limit, such as 36 months. For example, many automobile manufacturers offer warranties of three years or 36,000 miles, whichever comes first. The purpose of the warranties is to guarantee repairs for that period of time. Offering limited-time warranties does not reduce expenses or regulate services. Although offering warranties may attract customers, it will not necessarily increase sales unless customers want to buy.

SOURCE: PM:069

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2002). *Marketing essentials* (3rd ed.) [pp. 585-587]. Woodland Hills, CA: Glencoe/McGraw-Hill.

9. C

Themes for displays. When planning displays, automotive accessory stores often select the merchandise that they want to display. Then, they develop a specific theme that will best promote the merchandise and attract the attention of customers. The theme should be appropriate to the merchandise as well as appealing. For example, a store might develop a racing theme to promote the sell of specific accessories. Automotive accessory stores do not promote certain types of merchandise by developing contracts with vendors, lists of benefits, or descriptions of features. However, salespeople use features and benefits to persuade customers to buy.

SOURCE: PR:077

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2006). *Marketing essentials* (p. 389). New York: Glencoe/McGraw-Hill.

10. A

Solve problems for customers. Factory representatives work with automobile dealerships to solve problems for customers and to assure their satisfaction with a problem. For example, there may be a defect with a vehicle that a customer has purchased. The dealership would contact the factory representative who would make arrangements to solve the problem. This might involve replacing the vehicle, depending on the severity of the defect. In most cases, dealerships need the factory representative's assistance in replacing a customer's vehicle because of defects. Automobile salespeople, rather

than factory representatives, process sales transactions. Factory representatives do not dispose of hazardous materials or explain shipping processes.

SOURCE: SE:170

SOURCE: Futrell, C.M. (1999). *Fundamentals of selling: Customers for life* (6th ed.) [pp. 10-11, 24-26].

Boston: Irwin/McGraw-Hill.