



Competency-Based
Competitive Events
Written Exam
for State/Province Use

Test Number 1240
Booklet Number _____

Marketing Exam

Fashion Merchandising and Marketing Event
Marketing Management Event
Sales Management Meeting Event

INSTRUCTIONS: This is a timed, comprehensive exam for the occupational area identified above. Do not open this booklet until instructed to do so by the testing monitor. You will have _____ minutes to complete all questions.

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This comprehensive exam was developed by the MBA Research Center exclusively for DECA's 2020-2021 Competitive Events Program. Items have been randomly selected from the MBA Research Test-Item Bank and represent a variety of instructional areas. Performance indicators for this exam are at the prerequisite, career-sustaining, and specialist levels. A descriptive test key, including question sources and answer rationale, has been provided to the DECA chartered association advisor.



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1. Which of the following actions is most likely to lead to a serious legal penalty:
 - A. Refusing to speak when a police officer questions you
 - B. Missing a couple of days of school due to a family vacation
 - C. Being noisy with your friends at an amusement park
 - D. Possession of legal medication without a prescription

2. A type of business ownership in which one or more of the owners does not have full liability is called a
 - A. limited partnership.
 - B. general partnership.
 - C. sole proprietorship.
 - D. service organization.

3. Benjamin's job involves monitoring the various retailers that sell his company's products. He analyzes each retailer's sales reports so that his company can see which stores are most successful. Benjamin's job falls under the category of
 - A. financial planning.
 - B. managerial accounting.
 - C. channel management.
 - D. project management.

4. What effect does the technology of digital money have on the distribution function?
 - A. Manages information
 - B. Boosts job performance
 - C. Creates virtual reality
 - D. Improves cash flow

5. In which situation might exclusive distribution be considered a legal arrangement?
 - A. A distributor requires a customer to buy all of its products to obtain one product.
 - B. A business prevents a competitor's product from entering the market.
 - C. A franchisor requires a franchisee to sell only the franchisor's products.
 - D. A manufacturer assigns an exclusive territory to restrict competition.

6. Emotional intelligence is considered to be a predictor of
 - A. physical health.
 - B. standardized test scores.
 - C. future wealth.
 - D. success in life.

7. To minimize conflict among distribution channel members, channel relationships should be viewed as
 - A. partnerships.
 - B. friendly rivalries.
 - C. employees.
 - D. nonbinding contracts.

8. Which of the following is an advantage of the tracking method of data collection:
 - A. Automation
 - B. Stimulation of in-depth discussion
 - C. Privacy concerns
 - D. Ability to observe nonverbal cues

9. A message that is as short and to the point as possible is referred to as
 - A. courteous.
 - B. concise.
 - C. correct.
 - D. complete.

10. When processing survey results, a marketing researcher may decide to discard the questionnaires that contain errors if the number of
 - A. satisfactory responses is low.
 - B. unsatisfactory responses is low.
 - C. satisfactory responses is more than 40%.
 - D. unsatisfactory responses is more than 25%.

11. During a weekly team meeting at work, team members share updates with each other about the status of their project activities for the week. What style of communication does this situation exemplify?
 - A. Informal, vertical
 - B. Informal, downward
 - C. Formal, upward
 - D. Formal, horizontal

12. What information should employees avoid sharing with their coworkers?
 - A. Vacation plans
 - B. Organizational tips
 - C. Sales policies
 - D. Current salary

13. To build positive customer relations, a business must be
- A. profitable.
 - B. aggressive.
 - C. proactive.
 - D. small.
14. Jason, an American, is conducting a business meeting in China. Before leaving for his trip, he does some research and learns that Asia is considered a "high-context" culture, meaning that speakers leave much of their message unspecified and instead rely on nonverbal cues and between-the-lines interpretation. This is important for Jason to know so that he can
- A. show his business partners the superiority of the American communication style.
 - B. speak very clearly and explicitly to his Chinese business partners.
 - C. look like a "know-it-all" during his meeting with his Chinese partners.
 - D. adapt his communication style to match the culture he is visiting.
15. John gets up, dresses, brushes his teeth, eats breakfast, goes to school, buys gum at the school store, and reports to his first class. Which of these would be considered an economic activity?
- A. Brushing teeth
 - B. Eating breakfast
 - C. Buying gum
 - D. Going to class
16. For the long-term success of the business, Stacey's Coffee House has decided to add a self-serve laundromat. Which of the following behaviors describes the business activity that Stacey's Coffee House was likely engaged in before making this decision:
- A. Determining what will put it in reach of its goals
 - B. Establishing a system for retrieving information
 - C. Promoting its new service to potential customers
 - D. Organizing itself for meeting its objectives
17. Which of the following is a factor that would encourage businesses to start a business at a particular location:
- A. Easy access to competitors' products
 - B. Strict government regulations
 - C. High unemployment rates
 - D. Easy access to natural resources
18. What commonly insured risk would be covered by liability insurance?
- A. Theft
 - B. Flood damage
 - C. Personal injury
 - D. Shipment losses
19. The state of Maryland charges businesses a flat tax on income, which means that businesses pay
- A. a lower rate as profits increase.
 - B. no state tax on income.
 - C. a higher rate as profits increase.
 - D. the same percentage, no matter how much profit they make.
20. Nadir considered buying a television that cost \$500, but he decided to wait and save up his money. A year later, he finally has enough saved up, but he is disappointed to see that the television's price is now \$565. Nadir is most likely to be experiencing the effects of
- A. a competitive marketplace.
 - B. a recession.
 - C. the time value of money.
 - D. inflation.
21. How does the participation in gray-market distribution strategies affect distribution channel members?
- A. The authorized distributor's sales and profits are reduced.
 - B. End users pay higher taxes for products purchased from the gray market.
 - C. Manufacturers pay stiff fines for allowing gray-market product distribution.
 - D. Wholesalers are required to meet fewer safety and health regulations to operate.

22. To maintain positive relationships, all distribution channel members must
- A. coordinate their efforts.
 - B. limit ongoing communication.
 - C. develop competing goals.
 - D. have equal power.
23. Joe realized that if he had taken more time to proofread his work carefully and correct his grammatical mistakes, he would have received a better grade on his report. In this situation, Joe is
- A. comparing his talents with those of his classmates.
 - B. identifying a way to enhance his creativity.
 - C. making a false generalization about himself.
 - D. assessing a weakness to improve performance.
24. Initiative is important to workers in all types of occupations. Which of the following best demonstrates initiative:
- A. An employee persuades a fellow worker to help in the completion of an office project.
 - B. An employee completes a required sales report and then decides to reorganize his/her files without being asked.
 - C. An employee works required overtime hours to complete a necessary job.
 - D. An employee agrees to finish a sales report one week ahead of schedule at the request of the office supervisor.
25. The part of an advertisement that delivers the sales message is the
- A. element.
 - B. tag line.
 - C. layout.
 - D. body copy.
26. Which of the following allows businesses to sell to customers throughout the world at any time of the day or night:
- A. Internet
 - B. Modem
 - C. Software
 - D. Terminal
27. What is a promotional activity that governments regulate to maintain a fair environment among competitors in the marketplace?
- A. Telemarketing sales
 - B. Bait-and-switch contests
 - C. Direct mail
 - D. Comparison advertising
28. Robert worked on a project with his coworkers and achieved a successful result. Later, when Robert was feeling overwhelmed, he knew he could depend on his coworkers to help him accomplish his goals. This is an example of how teamwork helps develop
- A. new skills.
 - B. organization.
 - C. innovation.
 - D. trust.
29. Salespeople who can effectively explain to customers the unique benefits of their products often are able to
- A. arrange information in useful reference charts.
 - B. develop a definite selling advantage over competitors.
 - C. evaluate individual reactions to presentations.
 - D. point out many physical characteristics.
30. John recently expanded his business into another country to reach more of his target market. He was thrilled with his company's profits following the expansion—until he converted the money back to his domestic currency. At that point, he realized that the company made much less than he originally thought. What risk involved with international business did John experience?
- A. The cost of international unionized labor
 - B. International trade agreement changes
 - C. Political unrest in foreign countries
 - D. Foreign exchange rate fluctuations

31. Three years ago, Omar made a deposit to a savings account. Each year, Omar has watched as the interest on his initial deposit has grown. He is earning interest on the principle amount plus on the interest earned on the principle. In other words, Omar is earning
- A. simple interest.
 - B. the present value.
 - C. compound interest.
 - D. the inflation value.
32. Which of the following is an example of a person using credit in a responsible manner:
- A. Maintaining a low credit rating
 - B. Seeking counseling to reduce unmanageable debt
 - C. Paying credit card balances on time
 - D. Using two or more high-interest credit cards
33. Rita is looking for an easy-access bank account that she can use to earn interest on the money she receives from her part-time job. She hopes to use the account to put money aside for her future college expenses. Which account type best fits Rita's needs?
- A. Savings account
 - B. Certificate of deposit (CD)
 - C. Money market account
 - D. Checking account
34. What is the first step you should take when selecting a banking institution?
- A. Find out the bank's loan interest rates.
 - B. Find a bank that is conveniently located near you.
 - C. Determine what your needs and goals are.
 - D. Use online reviews to identify the best bank.
35. A business's balance sheet lists \$2,500 in cash, \$6,125 in accounts receivable, \$3,775 in inventory, \$10,350 in machinery and equipment, and \$4,280 in accounts payable. Calculate the business's total assets.
- A. \$15,225
 - B. \$18,470
 - C. \$22,750
 - D. \$27,030
36. Talia manages a business's accounts payable, accounts receivable, inventory, and cash. Talia is responsible for
- A. capital investment decisions.
 - B. working capital management.
 - C. the business's capital structure.
 - D. market risk management.
37. Lucia, a business owner, just hired a new employee. What is one thing she should be sure to do on the employee's first day?
- A. Provide the new employee with all the details of every project s/he will be working on.
 - B. Start the new employee on work right away so that s/he becomes accustomed to his/her job duties.
 - C. Assign the new employee a mentor who can answer any questions s/he may have.
 - D. Let the employee work on trivial tasks for a few days so that s/he can ease into working.
38. Which of the following is a type of internal marketing information:
- A. Public records
 - B. Government databases
 - C. Sales reports
 - D. Industry journals
39. If a business promotes a product that emphasizes its wholesale price savings rather than its retail price savings, it is commonly referred to as _____ advertising.
- A. false
 - B. competitive
 - C. psychological
 - D. relational
40. Marketers who send unsolicited email are legally required to provide email recipients with a(n)
- A. spam filter.
 - B. opt-out option.
 - C. opt-in filter.
 - D. host option.

41. Researchers plan to use an online survey to collect data from the business's current customers. What type of data do they plan to collect?
- A. Primary
 - B. Secondary
 - C. Biased
 - D. Quantitative
42. What should marketing researchers first determine when developing a sampling plan for a marketing-research project?
- A. The size of the group it intends to survey
 - B. The validity of the information
 - C. How the researchers should code the responses
 - D. How to predict the sample group's responses
43. By monitoring its sales and its customers' buying habits, what is a business often able to identify?
- A. Economic resources
 - B. Research methods
 - C. Popular products
 - D. Competitors' activities
44. Qualitative marketing data are valuable, but they can be limited because
- A. the data are objective rather than subjective.
 - B. participants' responses are constrained by limited options.
 - C. the data do not provide enough detail.
 - D. the data usually only include a small portion of the target market.
45. A popular technology company just released a new smartphone that it believes will revolutionize the industry. After the product announcement, marketers set up automatic news and social media alerts to find out what people are saying about the new product. This is an example of
- A. direct marketing.
 - B. search engine optimization.
 - C. buzz marketing.
 - D. product/service management.
46. Over the course of the semester, Rita gets the following scores on her marketing exams: 85, 92, 96, 92, 88, 95, and 100. What is the mode in this set of test scores?
- A. 93
 - B. 85
 - C. 92
 - D. 100
47. Which of the following is a source of error in the research process:
- A. Key summary
 - B. Interview location
 - C. Sample design
 - D. Project purpose
48. When researchers think it is necessary to find out how employees interact with customers, they might decide that it is appropriate to use the _____ research method.
- A. interview
 - B. observation
 - C. personal
 - D. experimental
49. If the director of the school cafeteria asks the student body to complete a questionnaire about ways to improve the lunch program, which of the following marketing functions is being applied:
- A. Risk management
 - B. Selling
 - C. Marketing-information management
 - D. Pricing
50. When a business focuses on the number of times per month that customers buy a specific product, it is identifying a market on the basis of
- A. rate of use.
 - B. benefits derived.
 - C. occasion response.
 - D. loyalty response.
51. Marketing planning is an ongoing process that works best if businesses obtain input from a(n)
- A. group of researchers.
 - B. industry organization.
 - C. wide range of sources.
 - D. unrelated third party.

52. Salespeople may risk losing a sale to a potential customer if they are unable to explain a business's _____ policies.
- A. employee
 - B. operating
 - C. selling
 - D. purchasing
53. The further into the future a sales forecast reaches, the more _____ it is.
- A. inaccurate
 - B. detailed
 - C. useful
 - D. inexpensive
54. Melissa is thinking about setting up her growing business as a corporation. Which of the following online sources is most likely to have relevant information about how to establish a corporation:
- A. Wikipedia
 - B. *The Wall Street Journal*
 - C. MarketWatch
 - D. Nolo Legal Encyclopedia
55. Mallory is analyzing sales data for the month of February. She notices that sales significantly increased in February. What is the next step Mallory should take to accurately determine why February sales data show an increase?
- A. Collect more data
 - B. Form a conclusion
 - C. Ask coworkers for their opinions
 - D. Calculate the percent of profit made
56. What is an important question that all businesses should answer about their ethical behavior in managing their customers' information?
- A. Where can we obtain general demographic information about untapped market segments?
 - B. What information do we need to obtain about our customers to determine their ability to pay?
 - C. What research method will provide the most comprehensive results about our competitors' activities?
 - D. How do we obtain information about our customers in ways that do not violate their privacy?
57. Which of the following could cause a legal issue associated with information management:
- A. Shutting down your computer before leaving the office
 - B. Requiring a passcode to unlock workstations
 - C. Accidentally emailing a client's personal information to others
 - D. Using a secure network to store data
58. While preparing the company's annual report in a computer word processing program, Natasha deleted an entire paragraph by mistake. The best way for Natasha to correct the mistake is to
- A. use the undo command.
 - B. retype the paragraph.
 - C. copy the text from another document.
 - D. create a template.
59. Which of the following is not an accident-prevention technique:
- A. Lifting objects properly
 - B. Maintaining a clean work area
 - C. Purchasing health insurance
 - D. Practicing safety procedures
60. Which of the following is most likely an unethical use of project resources:
- A. Nominating your friend to lead a project
 - B. Buying too many supplies and throwing out what you don't use
 - C. Blaming your other group members for your poor project grade
 - D. Treating your project team to a celebratory lunch
61. So all the members know what their jobs are and what activities they are to perform, the project manager communicates the plan's
- A. reviewed suggestions.
 - B. established goals.
 - C. located resources.
 - D. assigned responsibilities.

62. After a new video game arrived on store shelves, the team that created it had a meeting to talk about the project. They discussed the project's slow start and how they could have done it better. They also talked about using a wiki to communicate and how they will use wikis again in future projects. The team is engaging in a
- A. lessons learned meeting.
 - B. project planning meeting.
 - C. project monitoring meeting.
 - D. meeting to select the project champion.
63. Every month, Woolly Bear Granola Co. inventories its supplies and orders more of the ingredients used to make its products. This allows the company to maintain an efficient manufacturing process. In other words, the purchasing process results in
- A. increased company waste.
 - B. better public relations.
 - C. efficient hiring processes.
 - D. greater productivity.
64. The business employee routinely read the morning paper and drank coffee before starting the day's activities. The employee's actions increased the business's
- A. sales figures.
 - B. profit margin.
 - C. operating expenses.
 - D. production.
65. Which of the following is a factor that a business should consider in choosing a method of preparing its sales forecasts:
- A. Marketability of data
 - B. Versatility of use
 - C. Accuracy of prediction
 - D. Quantity of copies
66. John has worked toward achieving the career goal of retail merchandising assistant at the local discount store. John began working on the loading dock, was promoted to stockperson on the sales floor, and was transferred into retail sales 12 months later. John continued to apply for promotions and transfers within the store and eventually achieved his desired goal. John was demonstrating the ability to
- A. set short-term goals.
 - B. persevere.
 - C. write vague goals.
 - D. lower his self-esteem.
67. When a business donates a set amount of its profits to a charitable organization, it is behaving ethically because it is exhibiting
- A. community liability.
 - B. social responsibility.
 - C. political accountability.
 - D. legal reliability.
68. Which of the following is not required by the Federal Trade Commission in a written warranty:
- A. Where to take or send the merchandise for service
 - B. How long the warranty is in effect
 - C. What kinds of service or repairs are included
 - D. How to contact government agencies
69. John is a manager at a local retail store. What professional organization will be the most appropriate for him to join?
- A. International Association of Amusement Parks and Attractions
 - B. American Bankers Association
 - C. National Home Furnishing Association
 - D. The National Retail Federation
70. Which of the following is an example of product bundling:
- A. Buy item Z and receive a \$50 manufacturer's rebate.
 - B. Buy item Y and receive service W free for six months.
 - C. Buy product X and receive a \$15 discount if it is paid within 10 days.
 - D. Buy service M and receive a coupon to use for future purchases.
71. Developing a pricing structure that encourages customers to buy additional services that they don't need in order to obtain the original product is often a(n) _____ tactic.
- A. accepted
 - B. predatory
 - C. unethical
 - D. illegal

72. Why do marketers continue to gather information?
- A. Competition in general has decreased.
 - B. Today's consumers are easy to please.
 - C. Marketers are decreasing their geographic scope.
 - D. The marketing environment is constantly changing.
73. What happens over time when demand for a product goes up?
- A. The selling price goes up.
 - B. Customers can't afford to buy it.
 - C. Producers make more of it.
 - D. The supply decreases.
74. Which of the following marketing strategies is appropriate for the maturity stage of the product life cycle:
- A. Increasing media advertising
 - B. Finding nontraditional distribution channels
 - C. Offering incentives to distributors
 - D. Increasing prices
75. Technological innovations now allow a business to tailor a standard product to meet the specific needs of individuals or groups of customers, which is commonly called
- A. reverse standardization.
 - B. mass customization.
 - C. interactive transformation.
 - D. modified obsolescence.
76. So customers can make appropriate buying decisions, product labels should contain
- A. promotional copy.
 - B. testimonials.
 - C. accurate information.
 - D. allowances.
77. A product opportunity exists when
- A. a need or want is unmet.
 - B. a good or service can be produced quickly.
 - C. a situation requires evaluation.
 - D. economic resources are abundant.
78. What type of standards are common in business?
- A. Utility
 - B. Capacity
 - C. Quantity
 - D. Activity
79. How do government regulations that protect consumers most often impact businesses?
- A. They can increase a business's expenses.
 - B. Product development can be less expensive.
 - C. They allow businesses to avoid correcting problems.
 - D. Businesses are able to carry less insurance.
80. A business that positions its products as the ones offering the best quality and service for the price might gain a
- A. promotional consideration.
 - B. competitive advantage.
 - C. geographic benefit.
 - D. marketing incentive.
81. Which of the following is a brand strategy used to launch new products:
- A. Brand licensing
 - B. Brand repositioning
 - C. Brand extension
 - D. Brand positioning
82. Negative product reviews can be bad for business if a company does nothing to address its customers' dissatisfaction. If a company uses negative reviews to implement positive changes, however, negative feedback can actually be very helpful. This is an example of the importance of
- A. hiring people to write fake reviews.
 - B. customer voice in branding.
 - C. deleting negative reviews right away.
 - D. using branding to prevent negative reviews.
83. Making sure that the headline, illustrations, and copy promote the same theme is an example of coordinating
- A. elements in advertisements.
 - B. principles of design.
 - C. channels of communication.
 - D. arrangements in print.

84. Which of the following statements regarding corporate branding is true:
- A. A business's core values identify the beliefs that the business stands for.
 - B. Customer touch points typically occur before sales transactions.
 - C. Customer service representatives are responsible for corporate branding.
 - D. Brand cues are used primarily to identify the company in its advertising.
85. The end result of promotion is that information about goods, services, images, and/or ideas will be
- A. communicated.
 - B. researched.
 - C. organized.
 - D. gathered.
86. The elements of the promotional mix are being combined when advertising brings a customer into the business and
- A. inventory levels are reduced.
 - B. personal selling completes the sale.
 - C. the customer is given a warranty.
 - D. the business reduces its expenses.
87. When a business develops an advertisement that presents a woman in a traditional female role, it is reinforcing the concept of
- A. socialization.
 - B. equity labels.
 - C. age discrimination.
 - D. stereotypes.
88. In a free-enterprise economic system, promotional practices are often subject to regulation by governmental systems, consumer groups, and _____ organizations.
- A. nonprofit
 - B. competitive
 - C. industry
 - D. liability
89. A direct mail campaign is often more successful when the business verifies that the information that it has about recipients, or the target market, is
- A. extensive.
 - B. accurate.
 - C. conventional.
 - D. unusual.
90. If the headline of a print advertisement identifies a problem, then the copy that follows should provide
- A. reactions.
 - B. descriptions.
 - C. examples.
 - D. solutions.
91. What is the purpose of brand cues?
- A. To make one brand better than another
 - B. To connect many brands to one another
 - C. To help customers avoid inferior products
 - D. To remind customers of a brand's values and qualities
92. Preparing press kits, coordinating special events, and lobbying are activities performed by a firm's
- A. advertising department.
 - B. sales staff.
 - C. public relations department.
 - D. product-development staff.
93. Cozy Cup Coffee moved into a new location in a residential area. Many of the neighbors were not thrilled about the construction noise and increased traffic. Cozy Cup Coffee decided to give out free cups of coffee to the neighbors every morning. This is an example of
- A. how company shareholders are the most important audience of public relations.
 - B. how companies can target the community with public relations efforts.
 - C. why company vendors get in the way of community relations.
 - D. why residential areas are not appropriate targets for public relations activities.
94. The investment made by companies in building goodwill is partially repaid by
- A. the loyalty shown by repeat customers.
 - B. increased selling costs.
 - C. decreased sales volume.
 - D. the use of effective follow-up techniques.

95. The marketing department of a clothing company decides to focus on obtaining a bigger market share. Under which section of the marketing plan would they include this goal?
- A. Performance and implementation
 - B. Marketing strategies and programs
 - C. Desired target market
 - D. Situation analysis
96. Which of the following is an example of the unethical selling practice of bribery:
- A. A salesperson gives a ski trip to a buyer who makes a large purchase.
 - B. Jake advises a customer about a 20% discount off a large order.
 - C. Aubrey exaggerates a new product's capabilities when describing it to a customer.
 - D. To close a sale, a salesperson tells the customer that the special is available for a limited time.
97. What is a type of company promotional material that can be used as a source of information for selling?
- A. Newspaper advertisements
 - B. Professional publications
 - C. Product labels
 - D. Trade magazines
98. Following the code of conduct or code of ethics at work
- A. can tempt people to act unethically.
 - B. always guarantees that you will behave ethically.
 - C. sometimes isn't enough in difficult ethical dilemmas.
 - D. includes attending ethics training.
99. Which step in the selling process usually follows establishing relationships with customers?
- A. Reaffirming buyer-seller relationships
 - B. Prescribing solutions to needs
 - C. Reaching closure
 - D. Discovering client needs
100. When managers have the ability to understand how all of the functions of the company are interrelated, they possess
- A. interpersonal skills.
 - B. conceptual skills.
 - C. technical competence.
 - D. innovative ideas.



KEY

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1. D
Possession of legal medication without a prescription. It is illegal to be in possession of a medication, even if it is a legal medication, if you do not have a prescription for it. Missing school for a family vacation will not lead to a legal penalty. Missing too much school is breaking a law, but a couple of days is not a criminal offense. While people are allowed to file noise complaints that can lead to legal penalties, an amusement park is a place where noise is expected, so you will not be penalized as long as you are not creating a disturbance or being unsafe. You have the right to refuse to speak when a police officer questions you, so it should not lead to a legal penalty.
SOURCE: BL:163 Comply with the spirit and intent of laws and regulations
SOURCE: LAP-BL-163—Laying Down the Law (Complying With the Spirit and Intent of Laws and Regulations)
2. A
Limited partnership. In a limited partnership, one or more partners has limited liability in terms of the amount of financial responsibility or the amount of involvement in the business. A sole proprietorship is owned by one person, and the owner has unlimited liability. A service organization is a provider of intangible products, not a type of business ownership. In a general partnership, all partners are liable for the debts or losses of the business.
SOURCE: BL:003 Explain types of business ownership
SOURCE: LAP-BL-001—Own It Your Way (Types of Business Ownership)
3. C
Channel management. Channel management is a set of processes by which marketers ensure that products are distributed to customers efficiently and effectively. Part of channel management involves analyzing a company's channels of distributions, or the paths and routes that goods take from the producer to the customer. Benjamin's job, therefore, falls under the category of channel management—not managerial accounting, financial planning, or project management. Managerial accounting is the process of analyzing financial information for the pursuit of an organization's goals. Financial planning involves making a comprehensive evaluation of a client's financial state and then recommending appropriate actions. Project management involves planning and executing a project with the intent of achieving a specific goal or outcome.
SOURCE: CM:001 Explain the nature and scope of channel management
SOURCE: LAP-CM-002—Chart Your Channels (Channel Management)
4. D
Improves cash flow. For many businesses, the distribution function is expensive to operate because it involves storing, processing, and transporting products. Oftentimes, businesses bill customers for the costs involved in distribution and then wait for payment. By using the technology of digital money, cash can be transferred electronically from the customer's account to the business's account. This improves cash flow because the business does not need to wait long periods of time for payment. It can receive cash instantly. The technology of digital money does not boost (employee) job performance, create virtual reality, or manage information.
SOURCE: CM:004 Describe the use of technology in the channel management function
SOURCE: Wright, T. (n.d.). *How to make cash flow projections for a distribution based business*. Retrieved September 10, 2020, from <https://yourbusiness.azcentral.com/make-cash-flow-projections-distribution-based-business-27979.html>

5. C

A franchisor requires a franchisee to sell only the franchisor's products. Exclusive distribution is a strategy that forbids dealers from carrying the competitors' products. This strategy is usually considered illegal because it restricts competition. However, it is legal in certain situations, such as a franchisor requiring a franchisee to sell only the franchisor's products. One of the characteristics of a franchise agreement is that the franchisee buys the right to sell the products of the franchisor. In exchange for that right, the franchisor may require the franchisee to sell only the franchisor's products. The franchisor is protecting the image of its product by preventing the franchisee from carrying competing brands. It is usually considered illegal for a business to prevent a competitor's product from entering the market. A distributor requiring a customer to buy all of its products to obtain one product is an example of a tying contract. A manufacturer assigning an exclusive territory to restrict competition is usually considered illegal.

SOURCE: CM:005 Explain legal considerations in channel management

SOURCE: UpCounsel. (2020). *Exclusive distribution definition: All you need to know*. Retrieved September 10, 2020, from <https://www.upcounsel.com/exclusive-distribution-definition>

6. D

Success in life. Emotional intelligence is considered to be a predictor of success in life. Being emotionally intelligent does not necessarily mean that you will score higher on standardized tests, accumulate wealth in the future, or be physically healthy.

SOURCE: EI:001 Describe the nature of emotional intelligence

SOURCE: LAP-EI-001—EQ and You (Emotional Intelligence)

7. A

Partnerships. There are often many businesses or individuals that move products from the producer to the end user. These businesses and individuals are a distribution chain's channel members. The more channel members that a supply chain has, the higher the risk of conflict or disagreement among the members. Channel conflict occurs for a variety of reasons, such as bypassing one channel member in the process or disagreeing about sales terms. To reduce the risk of intense channel conflict, all channel members need to consider their relationships with each other as partnerships working toward the same goal—satisfying the end user. Viewing channel relationships as friendly rivalries, employees, or nonbinding contracts will not minimize conflict.

SOURCE: CM:008 Explain the nature of channel-member relationships

SOURCE: Mack, S. (2019, March 5). *Horizontal & vertical marketing conflicts*. Retrieved September 10, 2020, from <http://smallbusiness.chron.com/horizontal-vertical-marketing-conflicts-65325.html>

8. A

Automation. Automation is an advantage of the tracking method of data collection. Tracking allows researchers to obtain, record, and organize massive amounts of data without humans having to do all the work. Tracking does not stimulate in-depth discussion, and it does not give researchers the ability to observe nonverbal cues. Privacy concerns are a disadvantage of tracking.

SOURCE: IM:289 Describe data-collection methods (e.g., observations, mail, diaries, telephone, Internet, discussion groups, interviews, scanners, tracking tools)

SOURCE: LAP-IM-017—Hunting and Gathering (Data-Collection Methods)

9. B

Concise. Concise messages are clear and short. A courteous message addresses others with respect. Completeness in communication means giving all the information required. Carefully checking all facts and figures for accuracy before delivering a message should ensure correctness.

SOURCE: CO:147 Explain the nature of effective verbal communications

SOURCE: Chron. (2020, May 18). *How to communicate concisely*. Retrieved September 11, 2020, from <https://work.chron.com/communicate-concisely-11358.html>

10. B

Unsatisfactory responses is low. Before a marketing researcher can analyze survey results, the raw data must be converted into a usable format, which often involves assigning numerical values to the responses. The researcher must review the raw data for errors, which occur when respondents do not answer all of the questions. If the number of error-filled questionnaires is low, the marketing researcher may decide to discard all questionnaires with errors. The number of or percentage of questionnaires that a researcher discards due to errors depends on many factors; however, a generally accepted figure is below 10% of all questionnaires that respondents fill out.

SOURCE: IM:062 Explain techniques for processing marketing data

SOURCE: Gitlin, J. (2020). *Survey data cleaning: 7 things to check before you start your analysis*. Retrieved October 27, 2020, from <https://www.surveymonkey.com/curiosity/survey-data-cleaning-7-things-to-check-before-you-start-your-analysis/>

11. D

Formal, horizontal. Formal communications include regularly scheduled reports or meetings. A weekly team meeting would fall under this category because it has been planned and is a regular part of a project process. In contrast, informal communications might be impromptu or immediate conversations that are not planned in advance. Furthermore, horizontal discussions are those that take place among peers rather than up or down through the organization. Team members are considered peers, so this would be an example of horizontal communication. Vertical communication is any communication that flows in a hierarchical fashion. Downward conversations occur when communication flows hierarchically from the top of the chain to the bottom. Upward communications flow upward from the lower-level team members to the top.

SOURCE: CO:084 Employ communication styles appropriate to target audience

SOURCE: Lumen Learning. (n.d.). *Typical communication flows*. Retrieved September 10, 2020, from <https://courses.lumenlearning.com/suny-principlesmanagement/chapter/reading-barriers-to-effective-communication/>

12. D

Current salary. Certain information is considered personal and confidential and should not be shared with coworkers. An employee's salary is confidential information between the business and the employee and should not be divulged to others. Organizational tips, sales policies, and vacation plans are not considered confidential information, so it is generally OK for employees to share this information with coworkers if they want to.

SOURCE: CO:014 Explain the nature of staff communication

SOURCE: Papandrea, D. (2020). *Surprising dangers of discussing salary at work*. Retrieved September 10, 2020, from <https://www.monster.com/career-advice/article/dangers-discussing-pay-coworkers>

13. C

Proactive. To build positive customer relations, a business must be proactive—striving to make every customer experience a good one—rather than waiting and reacting to problems and issues as they occur. A business does not necessarily need to act aggressively to be proactive. A business can strive to build positive customer relations before it has turned a profit. Even big businesses can build positive customer relations.

SOURCE: CR:003 Explain the nature of positive customer relations

SOURCE: LAP-CR-003—Accentuate the Positive (Nature of Customer Relations)

14. D
Adapt his communication style to match the culture he is visiting. It's important to show respect for the people you are visiting by adapting your communication style to match the culture you are in. By doing research and learning about the "high-context" culture of Asia, Jason will not be alarmed if his Chinese business partners do not speak as clearly and specifically as he would like. He can also tailor his own remarks to better suit the Chinese style of communicating, instead of the clear and explicit method of communicating that he is used to in America. This type of cultural preparation is not for the purpose of looking like a "know-it-all" or to show other people that one way of communicating is superior to another.
SOURCE: CR:019 Adapt communication to the cultural and social differences among clients
SOURCE: Mecozzi, V. (2017, January 11). *Communicating across cultures*. Retrieved September 10, 2020, from <https://www.thnk.org/insights/communicating-across-cultures/>
15. C
Buying gum. This activity involves the exchange of two things of monetary value, gum and money. Economic activities involve consumption, production, exchange, and distribution. The other alternatives are noneconomic activities.
SOURCE: EC:001 Describe the concepts of economics and economic activities
SOURCE: LAP-EC-006—Are You Satisfied? (Economics and Economic Activities)
16. A
Determining what will put it in reach of its goals. Since Stacey's Coffee House is acting with its long-term success in mind, deciding to add a self-serve laundromat should put the business in reach of its goals. This decision is part of strategic management. Establishing a system for retrieving information is part of information management. Promoting a new service to potential customers is part of marketing. While organizing the business to meet business objectives is part of strategic management, it is not what Stacey's Coffee House demonstrated in this example. Organizing would involve setting up the business to be successful in providing the new laundromat service.
SOURCE: EC:071 Describe types of business activities
SOURCE: LAP-EC-071—Strictly Business (Business Activities)
17. D
Easy access to natural resources. Many factors affect businesses' location choices. Having easy access to natural resources would encourage a business to open in a specific location. Strict government regulations, high unemployment rates, and easy access to competitors' products would discourage businesses from opening in a certain location.
SOURCE: EC:105 Describe factors that affect the business environment
SOURCE: LAP-EC-105—What's Shakin'? (Factors Affecting the Business Environment)
18. C
Personal injury. Liability insurance protects a business against damage suits filed by employees or customers as the result of any personal injuries that might occur on the business's property. Shipment losses, thefts, and flood damage are risks that would be covered by property insurance.
SOURCE: EC:011 Determine factors affecting business risk
SOURCE: LAP-EC-003—Lose, Win, or Draw (Business Risk)
19. D
The same percentage, no matter how much profit they make. A flat tax uses a consistent rate for all income brackets. Although some states do not charge income taxes, Maryland's flat rate is not one of them. When tax rates increase as profits increase, the state is using a graduated scale. In rare instances, profits over a certain amount are taxed at a lower rate. Any rates that change depending on the amount of profit are not flat rates.
SOURCE: EC:072 Describe the nature of taxes
SOURCE: LAP-EC-072—Pay Your Share (Business Taxes)

20. D

Inflation. Inflation is a steady increase in the general price levels of consumer goods and services over a period of time. Inflation makes it more expensive for consumers to purchase goods and services than it used to be. For example, the price of the TV that Nadir wanted to buy went up over time, making it more difficult for him to purchase it. There is no indication that Nadir is experiencing the effects of a recession, the time value of money, or a competitive marketplace.

SOURCE: EC:083 Describe the economic impact of inflation on business

SOURCE: LAP-EC-083—Up, Up, and Away (Inflation)

21. A

The authorized distributor's sales and profits are reduced. Gray markets occur when imported goods are sold by other than authorized intermediaries. In most cases, the goods are sold to customers for a great deal less than if purchased through authorized distribution channels. Many types of products, from electronics to clothing, are sold through gray markets. In some cases, the authorized dealers choose to abandon a brand because they cannot compete with the gray market. The authorized distributors lose sales and ultimately profits from the actions of unauthorized distributors. End users generally do not pay higher taxes for products purchased from the gray market. Manufacturers do not pay fines for allowing gray-market product distribution. Furthermore, gray-market distribution practices are legal in many countries and are not subject to government fines. Gray-market distribution strategies do not influence the need for wholesalers to meet safety and health regulations to operate.

SOURCE: CM:006 Describe ethical considerations in channel management

SOURCE: EDUCBA. (2020). *Grey market*. Retrieved September 10, 2020, from <https://www.educba.com/grey-market/>

22. A

Coordinate their efforts. Distribution channel members are the businesses or individuals who assist in moving goods and services from the producer to the consumer. For consumers to get the products they want when they need them, the channel members must work together, or coordinate their efforts to efficiently transfer goods and services. This involves fostering positive relationships, which requires open, ongoing communication to accomplish the common goal of satisfying the customer. In most situations, the distribution chain has a channel leader (e.g., producer) that possesses more power or leverage than the other channel members.

SOURCE: CM:008 Explain the nature of channel-member relationships

SOURCE: McNamara, C. (n.d.). *Management function of coordinating/controlling: Overview of basic methods*. Retrieved October 27, 2020, from <https://managementhelp.org/managementcontrol/index.htm>

23. D

Assessing a weakness to improve performance. Self-assessment involves objectively looking at your own strengths and weaknesses so you can make the best of your strengths and take steps to improve your weaknesses. In the situation provided, Joe's weakness was the grammatical errors that he failed to find and correct in his research report. He determined that he could improve his performance by taking more time to proofread his work in the future before submitting it to his teacher. A false generalization is making a broad assumption with very little supporting evidence. A false generalization that Joe might make is that he is a terrible writer because he received a low grade on one paper. Joe is not making a false generalization, identifying a way to enhance his creativity, or comparing his talents with those of his classmates.

SOURCE: EI:002 Assess personal strengths and weaknesses

SOURCE: LAP-EI-017—Assess for Success (Assessing Personal Strengths and Weaknesses)

24. B

An employee completes a required sales report and then decides to reorganize his/her files without being asked. When an employee completes a required sales report and then decides to reorganize his/her files without being asked, it is a demonstration of initiative. Initiative is the willingness to act without having to be told to do so. An employee persuading a fellow worker to help complete an office project may be an example of effective human relations. An employee agreeing to finish a sales report ahead of schedule or work required overtime hours is not initiative since the employees are fulfilling normal job expectations from their particular supervisors.

SOURCE: EI:024 Demonstrate initiative

SOURCE: LAP-EI-240—Hustle! (Taking Initiative at Work)

25. D

Body copy. The body copy explains to readers how they will benefit from the product or what the product will do. Body copy is one of the elements, or parts, of an ad. A tag line is a slogan used in an advertisement. Layout is the way in which the elements of an advertisement are put together.

SOURCE: PR:014 Explain the components of advertisements

SOURCE: Thistlethwaite, J. (2020). *6 types of body copy in advertising*. Retrieved October 27, 2020, from <https://blog.copify.com/post/types-of-body-copy-in-advertising>

26. A

Internet. The internet is a worldwide interconnection of computer networks. With the use of the internet, businesses are able to develop websites that customers can access at any time of the day or night to obtain information or purchase products. The internet is revolutionizing the way that businesses sell by allowing them to sell online to customers throughout the world. Many businesses supplement their traditional manner of selling by also developing websites. Modems and terminals are types of computer hardware. Software is a term used for computer programs.

SOURCE: SE:107 Describe the use of technology in the selling function

SOURCE: Lazzari, Z. (2018, August 13). *What are the benefits of the internet to business?* Retrieved October 27, 2020, from <https://smallbusiness.chron.com/benefits-internet-business-316.html>

27. D

Comparison advertising. A comparison advertisement is a promotional message in which the advertiser pays for a message that compares its product to another company's similar product. The advertiser's intent is to focus on the positive attributes of its product while pointing out negative aspects of its competitor's product. Sometimes, advertisers make false or deceptive statements about the competitors' products, which can negatively impact the competitors' businesses. To help maintain a fair competitive environment, governments often regulate the way businesses can use comparisons in their advertising efforts. Bait-and-switch refers to an advertising tactic that businesses use that includes promoting a low-priced item to attract customers and then trying to sell a higher priced item to them. However, bait-and-switch contests do not exist. Direct mail and telemarketing sales are not specific promotional activities that governments regulate for the primary purpose of maintaining a fair competitive environment for businesses.

SOURCE: PR:101 Describe the regulation of promotion

SOURCE: Kenton, W. (2020, April 1). *Comparison advertising*. Retrieved October 27, 2020, from <https://www.investopedia.com/terms/c/comparative-advertising.asp>

28. D

Trust. Team members have little choice but to trust one another. When this trust is built, it creates a positive work environment in which people depend on one another. Robert won't experience as much stress and can be sure to achieve quality work performance because of the trust-filled relationships he developed with coworkers as a part of a team. This situation is not an example of how teamwork helps develop organization, innovation, or new skills.

SOURCE: EI:045 Participate as a team member

SOURCE: LAP-EI-045—Team Up (Participating as a Team Member)

29. B

Develop a definite selling advantage over competitors. Unique or exclusive benefits are advantages that are available only from a certain product or business. If a salesperson's product has one unique or novel feature that can be translated into a benefit desirable to customers, the salesperson has a definite selling advantage over competitors. Pointing out physical characteristics involves explaining features rather than benefits. Salespeople often develop reference charts to help them translate features into benefits and explain those benefits to customers. While explaining the unique benefits of a product, a salesperson should evaluate a customer's reactions.

SOURCE: SE:109 Analyze product information to identify product features and benefits

SOURCE: LAP-SE-109—Find Features, Boost Benefits (Feature-Benefit Selling)

30. D

Foreign exchange rate fluctuations. Foreign exchange rate risk occurs when the value of an investment fluctuates due to changes in a currency's exchange rate. When a domestic currency appreciates against a foreign currency, profits earned in the foreign country will decrease after being exchanged back to the domestic currency. John's profits were greater in the foreign currency than in domestic currency because of fluctuations in the exchange rate between the two currencies. International trade agreements, political unrest, and the cost of international unionized labor are all factors that business owners should consider before engaging in international business, but John did not experience them in this situation.

SOURCE: EN:041 Describe small-business opportunities in international trade

SOURCE: Beers, B. (2020, May 4). *Top risks for international businesses*. Retrieved September 10, 2020, from <http://www.investopedia.com/ask/answers/06/internationalfinancerisks.asp>

31. C

Compound interest. Compound interest is often referred to as "interest on interest." In this example, Omar is earning compound interest on his original deposit because he is earning interest on the principle *plus* interest on that interest! If Omar was earning simple interest, he would only be earning interest on the principle amount. The present value of money is what money is worth at any given time. Inflation is a rise in the prices of consumer goods and services over a period of time. The present value of money and inflation rates are not demonstrated in this example.

SOURCE: FI:062 Explain the time value of money

SOURCE: Kagan, J. (2020, May 3). *Compound interest*. Retrieved September 10, 2020, from <https://www.investopedia.com/terms/c/compoundinterest.asp>

32. C

Paying credit card balances on time. Credit allows a person to purchase now and pay later. Building a good credit history involves using credit responsibly, which includes making credit card payments on time. It is important to build good credit because lending institutions look at a person's credit history to determine if s/he should receive a loan. When an individual has a poor credit history, s/he may not be able to obtain large loans to buy a car or house or to start a new business. Responsible credit involves striving to maintain a high credit rating, looking for the lowest interest rates possible, and limiting the number of credit cards they use. Although it is a good idea to seek counseling to reduce unmanageable debt, this action is taken when a person has not used credit responsibly.

SOURCE: FI:071 Demonstrate the wise use of credit

SOURCE: College Board. (2020). *How to use credit cards wisely*. Retrieved September 10, 2020, from <https://bigfuture.collegeboard.org/pay-for-college/paying-your-share/how-to-use-credit-cards-wisely>

33. A

Savings account. A savings account allows you to earn interest on money you've put aside for the future. Savings accounts are generally easy to access, meaning you can deposit and withdraw money at your convenience. A savings account would best fit Rita's needs as described in this example. A certificate of deposit allows you to invest money at a set interest rate for a set amount of time. A CD would likely not work for Rita since she would not be able to access the money while it is being invested. A money market account is similar to a savings account; however, they require the user to maintain a higher balance to avoid a monthly service fee. Rita's part-time job earnings probably would not meet the requirements for a money market account balance. A checking account is an easy-access account for daily transactions. Most checking accounts do not offer interest earnings and so would not be appropriate for Rita in this example.

SOURCE: FI:075 Describe types of financial-services providers

SOURCE: Wells Fargo. (2020). *Types of bank accounts*. Retrieved September 10, 2020, from <https://www.wellsfargo.com/financial-education/basic-finances/manage-money/options/bank-account-types/>

34. C

Determine what your needs and goals are. It's important to understand your personal needs and goals so you can select a bank that will help you achieve your goals. Convenient banking locations might be a factor you consider when determining your needs and goals. A bank's lending rates are only helpful if you plan to request a loan. Online reviews can help you evaluate different banks after you have determined what your needs and goals are.

SOURCE: FI:076 Discuss considerations in selecting a financial-services provider

SOURCE: Snider, S. (2019, March 7). *How to choose a bank*. Retrieved September 10, 2020, from <https://money.usnews.com/banking/articles/how-to-choose-a-bank>

35. C

\$22,750. A business's balance sheet shows the business's financial condition at a certain point in time. It includes all assets, debts, and the owner's equity. Total assets include items such as cash, accounts receivable, inventory, machinery and equipment, buildings, land, investments, and interest. Total assets do not include accounts payable, which are considered debts. To calculate the business's total assets, add the figures for cash, accounts receivable, inventory, and machinery and equipment ($\$2,500 + \$6,125 + \$3,775 + \$10,350 = \$22,750$).

SOURCE: FI:093 Explain the nature of balance sheets

SOURCE: Murphy, C. (2020, August 26). *Accounting equation*. Retrieved September 10, 2020, from <https://www.investopedia.com/terms/a/accounting-equation.asp#:~:text=Locate%20the%20company's%20total%20assets,of%20liabilities%20and%20total%20equity>

36. B

Working capital management. An organization's finance function is responsible for managing the business's working capital and making capital investment decisions for the company. Working capital is the difference between a business's current assets and current liabilities. Working capital management focuses on the company's current balance of assets and liabilities and involves the management of accounts payable and receivable, inventory, and cash. Working capital management involves decisions made for the short-term—one year or less. Capital investment decisions determine which projects the business will invest in, how the investment(s) will be financed, and whether or not to pay dividends to the company's shareholders. The business's capital structure consists of the mix of debt and equity financing used to finance investments and projects. Market risk is the risk of financial loss due to the decreased value of an investment, and market risk management involves using financial instruments to manage exposure to market risk. Capital investment decisions, the business's capital structure, and market risk management are typically long-term in nature. Talia is not responsible for capital investment decisions, the business's capital structure, or market risk management.

SOURCE: FI:354 Explain the role of finance in business

SOURCE: LAP-FI-354—Money Matters (Role of Finance)

37. C

Assign the new employee a mentor who can answer any questions s/he may have. One simple way to make an employee feel comfortable is to assign a mentor. The mentor doesn't need to be the employee's direct supervisor—s/he just needs to be someone who can show the new employee the ropes. It will help the new employee to have one ready-made friend who can show her/him around. Lucia should provide some sort of orientation for the new employee before s/he starts working. There are many important things the employee will need to know about the company's policies and his/her benefits. Although it is important to make sure the employee has information about the projects s/he is working on, Lucia won't want to overwhelm the new employee with too much information on the first day. It's also important not to give the employee busy work that doesn't fit into his/her job description. After all, that's not why the employee was hired, and this won't help the new employee become more comfortable at work.

SOURCE: HR:360 Orient new employees

SOURCE: Moon, L. (2018, January 16). *New employee onboarding: A success template for every hire*. Retrieved September 10, 2020, from <https://blog.trello.com/new-employee-onboarding-best-practices-for-new-hires>

38. C

Sales reports. Internal marketing information that is useful to businesses includes sales reports and other types of accounting and sales data. The advantage to a business of using internal marketing information is that it is easy to obtain because it is available in-house. Marketing managers can review the internal information, such as sales reports, on a regular basis and make adjustments to existing programs based on what the information reveals. For example, if reports indicate that sales are down in certain areas, managers can increase advertising or use other techniques in an attempt to reverse the trend. Government databases, public records, and industry journals are examples of external marketing information.

SOURCE: IM:012 Describe the need for marketing data

SOURCE: Chand, S. (n.d.). *Sources of marketing research*. Retrieved September 10, 2020, from [https://www.yourarticlelibrary.com/marketing/sources-of-marketing-research-a-internal-b-external-sources-of-marketing-research/25860#:~:text=\(A\)%20Internal%20Sources%3A&text=Internal%20sources%20include%20accounting%20information,advertisement%20expenditure%2C%20transportation%20costs%20etc](https://www.yourarticlelibrary.com/marketing/sources-of-marketing-research-a-internal-b-external-sources-of-marketing-research/25860#:~:text=(A)%20Internal%20Sources%3A&text=Internal%20sources%20include%20accounting%20information,advertisement%20expenditure%2C%20transportation%20costs%20etc)

39. A

False. False advertising is an attempt by marketers to mislead consumers through promotional activities. By emphasizing the wholesale price rather than the retail price to retail consumers, the business might be guilty of trying to deceive consumers. Advertising is often used to encourage competition, which is a rivalry between two or more businesses to attract scarce customer dollars. Advertising, by nature, attempts to appeal to customers in a psychological way. Relational is not a term that businesses use to describe a type of advertising.

SOURCE: PI:017 Explain legal considerations for pricing

SOURCE: Federal Trade Commission. (n.d.). *Truth in advertising*. Retrieved September 10, 2020, from <https://www.ftc.gov/news-events/media-resources/truth-advertising>

40. B

Opt-out option. The law requires businesses to provide message recipients with an opt-out option and instructions when they send unsolicited email. The opt-out option allows message recipients to request removal from the subscriber list. The law requires businesses to maintain the opt-out tool for a certain length of time (e.g., 30 days) so recipients have enough time to read the message. Businesses are subject to very high fines if they do not comply with the law. By enabling the opt-in option of an email message, subscribers permit businesses to send promotional messages to them. A spam filter is a software application that prevents spam messages from going into recipients' email inboxes. A host stores web pages on a server for a monthly fee.

SOURCE: IM:419 Describe the regulation of marketing-information management

SOURCE: Vertical Response. (2018, July 12). *It's the law: 7 email marketing rules you should know*. Retrieved September 10, 2020, from <http://www.verticalresponse.com/blog/its-the-law-7-email-marketing-rules-you-should-know/>

41. A

Primary. After determining which research problems to pursue, managers and researchers must decide what kind(s) of data they need to collect. Sometimes, there are enough secondary data available to complete the study. Secondary data are data that already exist and have been used for another purpose (e.g., sales invoices, expense reports). If there are not enough secondary data available, researchers may have to uncover primary data, or new data obtained through surveys, focus groups, etc. In most cases, marketing researchers rely on a combination of both primary and secondary data. There is no indication whether they plan to collect quantitative data, consisting of numerical facts and figures, or qualitative data, based on thoughts, opinions, feelings, or experiences. Researchers typically strive to avoid collecting biased data, which may be caused by researcher bias, survey bias, respondent bias, etc.

SOURCE: IM:282 Discuss the nature of marketing research problems/issues

SOURCE: LAP-IM-282—What's the Problem? (Marketing Research Problems)

42. A

The size of the group it intends to survey. A sampling plan is the course of action or blueprint for gathering marketing information from a section of a target market. When a business designs its sampling plan, it must determine the size of the group that it intends to survey and the process that it intends to use to select the participants. Researchers determine the validity of the data after coding and analyzing it, which can only occur after the sample group has been selected and surveyed. Researchers usually assign response codes during the survey-development process. Predicting the sample group's responses is not a necessary action to take when a business develops a sampling plan.

SOURCE: IM:285 Discuss the nature of sampling plans (i.e., who, how many, how chosen)

SOURCE: LAP-IM-285—Take Your Pick (Nature of Sampling Plans)

43. C

Popular products. A business that monitors its sales and its customers' buying habits over time can determine which products are popular and which products are not selling. By knowing which products are moving well and not so well, the business can make informed decisions about its product mix. For example, a business may decide to offer popular products in other colors or sizes, or it may decide to delete slow-moving items from its product mix. Research methods are the ways in which a business obtains marketing information. Economic resources are the human and natural resources and capital goods used to produce goods and services. Monitoring its sales and its customers' buying habits will not help the business identify research methods, economic resources, or competitors' activities.

SOURCE: IM:184 Identify data monitored for marketing decision making

SOURCE: LAP-IM-184—Data Diving (Identifying Marketing Data)

44. D

The data usually only include a small portion of the target market. Qualitative data provide researchers with valuable knowledge to use in planning marketing activities. The scope, however, is limited. Since qualitative research usually only includes a very small portion of the target market, it is often not enough to make generalizations about an entire population. In qualitative data, participants' responses are not necessarily constrained by the limited options. Qualitative data tend to provide more detail than quantitative data. Finally, qualitative data are subjective rather than objective.

SOURCE: IM:289 Describe data-collection methods (e.g., observations, mail, diaries, telephone, Internet, discussion groups, interviews, scanners, tracking tools)

SOURCE: LAP-IM-017—Hunting and Gathering (Data-Collection Methods)

45. C

Buzz marketing. Buzz marketing is an analysis of social websites, blogs, and news to get a sense of how people feel about your company or product. Buzz marketing is often used when companies release a new product because it gives them a sense of how successful the product will be. Search engine optimization is the process of designing and submitting web pages so that they can be found easily and given a good position in search results. Direct marketing occurs when marketers work to get a specific, measurable action from a targeted group of consumers. Product/service management is a marketing function that involves obtaining, developing, maintaining, and improving a product or service mix in response to market opportunities.

SOURCE: IM:469 Monitor/measure customer “buzz”

SOURCE: Gotter, A. (2020). *What is buzz marketing?* Retrieved September 10, 2020, from <https://www.singlegrain.com/digital-marketing/what-is-buzz-marketing/>

46. C

92. The mode is the number that occurs the most frequently. 92 is the only number that occurs more than once, so it is the mode in this set of numbers.

SOURCE: IM:191 Explain the use of descriptive statistics in marketing decision making

SOURCE: Hayes, A. (2020, May 27). *Mode*. Retrieved September 10, 2020, from <https://www.investopedia.com/terms/m/mode.asp>

47. C

Sample design. When collecting information, researchers usually select a sample of the target population to contact or include in the study. The design of this sample may lead to errors in the research.

Researchers need to make sure the sample they select accurately represents the target population. For example, errors may occur if all those in the sample are 20-year-old males who live in one small city, but the research involves all men between the ages of 18 and 50. Interview location, key summary, and project purpose are not sources of error in the research process.

SOURCE: IM:292 Identify sources of error in a research project (e.g., response errors, interviewer errors, non-response errors, sample design)

SOURCE: Qualtrics. (2020, May 21). *5 common errors in the research process*. Retrieved September 10, 2020, from <https://www.qualtrics.com/blog/5-common-errors-in-the-research-process/>

48. B

Observation. The observation research method is often appropriate to use when researchers want to find out how employees interact with customers. By watching their interactions, researchers can study the behavior of both the employees and the customers to determine if employees are behaving correctly. The observation method provides information about what people do which may be helpful in analyzing how employees treat customers. Interviewing employees will not necessarily provide useful information about how they interact with customers. Personal is not a research method. The experimental research method often involves testing new product ideas.

SOURCE: IM:428 Assess appropriateness of marketing research for the problem/issue (e.g., research methods, sources of information, timeliness of information, etc.)

SOURCE: Fuel Cycle. (2019, August 22). *The 3 most common observation research methods*. Retrieved September 10, 2020, from <https://fuelcycle.com/blog/the-3-most-common-observation-research-methods/#:~:text=Observation%20research%20is%20a%20qualitative,behavior%20in%20a%20natural%20situation.&text=The%20purpose%20of%20this%20type,what%20they%20say%20they%20do>

49. C
Marketing-information management. This marketing function involves gathering, accessing, synthesizing, evaluating, and disseminating information for use in making business decisions. The school is gathering information from its target market (the student body) in order to provide a product (lunches) that will meet the market's needs. Pricing involves determining and adjusting prices to maximize return and meet customers' perceptions of value. Selling is a marketing function that involves responding to consumer needs and wants through planned, personalized communications intended to influence purchase decisions and enhance future business opportunities. Risk management is not a marketing function, but an operations activity in the business function.
SOURCE: MK:002 Describe marketing functions and related activities
SOURCE: LAP-MK-001—Work the Big Seven (Marketing Functions)
50. A
Rate of use. Dividing customers into groups based on their response to a product is behavioral segmentation. Segmenting a market by its usage rate involves categorizing customers as heavy, moderate, light, or nonusers of a product. When determining the rate of usage, businesses consider the number of times that customers purchase or consume a certain product over a certain period of time. Occasion response involves segmenting customers in relation to the demand for products that they purchase for special events (e.g., graduations and weddings). Businesses can also classify customers by the benefits they desire or obtain from a product as well as the level of loyalty they feel for a product.
SOURCE: MP:003 Explain the concept of market and market identification
SOURCE: LAP-MP-003—Have We Met? (Market Identification)
51. C
Wide range of sources. Marketing planning is the process of identifying objectives and developing activities to achieve those goals. Because the market is continually changing, marketing planning is an ongoing process that works best if businesses obtain input from a wide range of sources. These sources might include employees, customers, vendors, industry organizations, etc. The more information a business obtains from a variety of sources, the better able the business will be to revise and update marketing plans to reflect current wants and needs. This will help the business to remain competitive and to grow. Industry organizations can provide input, but the information is limited to specific areas. A group of researchers can provide information about a certain issue or problem. An unrelated third party might be able to provide an unbiased opinion. The successful business will use information from all these sources, and more, to improve the marketing planning process.
SOURCE: MP:006 Explain the nature of marketing planning
SOURCE: Entrepreneur. (2020). *How to create a marketing plan*. Retrieved September 10, 2020, from <https://www.entrepreneur.com/article/43018>
52. C
Selling. Selling policies are general rules established by management to guide the personal selling effort and outline how things must be done. Salespeople may encounter problems when they are not knowledgeable about their company's selling policies and are unable to explain them to potential customers. Salespeople may risk losing a sale if they are unable to explain policies about issues such as credit terms and delivery service. Operating policies regulate the actual running of a business. Employee policies are guidelines explaining how employees are to act and how they are to deal with customers. Purchasing policies are guidelines that direct purchasing decisions.
SOURCE: SE:932 Explain company selling policies
SOURCE: LAP-SE-932—Sell Right (Selling Policies)
53. A
Inaccurate. The further into the future a sales forecast reaches, the more inaccurate it is. And, the less accurate a forecast is, the less useful it is. Long-range sales forecasts may or may not be more detailed or less expensive than short-range forecasts.
SOURCE: MP:013 Explain the nature of sales forecasts
SOURCE: LAP-MP-005—Futurecast (The Nature of Sales Forecasts)

54. D

Nolo Legal Encyclopedia. Expertise and credibility are primary considerations when evaluating the relevance of a source. Because regulations and legal procedures are important considerations when setting up a corporation, Melissa should obtain information from a source that has legal expertise, such as Nolo Legal Encyclopedia (www.nolo.com). *The Wall Street Journal* is a print and online business publication that focuses on a wide variety of business and economic issues and trends. Because Wikipedia is an open source of information that is constantly updated, some of the information might be inaccurate or irrelevant. MarketWatch is a website that focuses on financial issues such as investing and the stock market performance.

SOURCE: NF:079 Evaluate quality and source of information

SOURCE: Berkley Library: University of California. (2020, June 29). *Evaluating resources: Home*. Retrieved September 10, 2020, from <https://guides.lib.berkeley.edu/evaluating-resources>

55. A

Collect more data. Mallory will need more data to determine the reason why sales increased. A conclusion cannot be made until more data has been analyzed. Coworkers' opinions can provide clues, but they are not factual data and may not lead to correct conclusions. The percent of profit is a direct result of actual sales made and does not provide any clues as to why sales increased.

SOURCE: NF:278 Draw conclusions based on information analysis

SOURCE: Army Educational Outreach Program. (n.d.). *Analyzing your data and drawing conclusions*. Retrieved September 10, 2020, from <https://static.nsta.org/encybermission-files/helpdocs/Analyzing%20your%20Data%20and%20Drawing%20Conclusions.pdf>

56. D

How do we obtain information about our customers in ways that do not violate their privacy? Businesses can track their customers' purchasing habits in many ways—from internet surfing activities to point of sale data. Businesses must carefully weigh how to obtain, store, release, and use this information to protect their customers' right to privacy. Society values this right, and if it is breached (e.g., selling customer lists to third parties without customer authorization), customers may go to competitors to purchase goods and services. When developing credit policies, businesses establish criteria and must identify the information they need to determine their customers' ability to pay. Research methods used in a competitive analysis and sources of primary and secondary research are not directly associated with the business's ethics and its customer-related data.

SOURCE: NF:111 Explain the role of ethics in information management

SOURCE: Hitachi Systems Security. (2019, January 29). *9 reasons for data privacy*. Retrieved September 11, 2020, from <https://www.hitachi-systems-security.com/blog/9-reasons-for-data-privacy/>

57. C

Accidentally emailing a client's personal information to others. A client's personal information is confidential and should be treated as such. Requiring a passcode to unlock workstations, shutting down computers after work hours, and using a secure network to store data are all ways to prevent legal issues from occurring.

SOURCE: NF:076 Explain legal issues associated with information management

SOURCE: AIIM. (2020). *What is information management?* Retrieved September 11, 2020, from <https://www.aiim.org/What-is-Information-Management#>

58. A

Use the undo command. The undo command allows the computer user to "undo" a previous action, such as deleting text by mistake. Although it is possible to retype the paragraph or to copy the text from another document that contains the text, these actions are not as quick and easy as using the undo command. A template is a standard format that helps users develop documents.

SOURCE: NF:007 Demonstrate basic word processing skills

SOURCE: Microsoft. (2020). *Undo, redo, or repeat an action*. Retrieved September 11, 2020, from <https://support.microsoft.com/en-us/office/undo-redo-or-repeat-an-action-84bdb9bc-4e23-4f06-ba78-f7b893eb2d28>

59. C
Purchasing health insurance. Health insurance will help to pay medical bills in case an accident occurs and causes injury, but purchasing insurance does not prevent accidents. Maintaining a clean work area, lifting objects properly, and practicing safety procedures are all good accident-prevention techniques.
SOURCE: OP:009 Explain procedures for handling accidents
SOURCE: The Ohio State University. (2018, May 23). *Accident prevention in the workplace*. Retrieved September 11, 2020, from <https://ehs.osu.edu/accident-prevention-workplace>
60. B
Buying too many supplies and throwing out what you don't use. Project managers have a great deal of responsibility over resources, including time, supplies, and money. They should not waste resources. Buying too many supplies and throwing out what you don't use is an example of wasting money and supplies, which can harm the project as a whole. Treating your project team to a celebratory lunch is not necessarily unethical. Nominating your friend to lead a project is not related to project resources. Finally, blaming your other group members for your poor project grade is not related to project resources.
SOURCE: OP:675 Describe the role of ethics in project management
SOURCE: LAP-OP-675—Projects With Principles (Ethics in Project Management)
61. D
Assigned responsibilities. An important step before project management begins is assigning specific responsibilities to members of the group. All members should know what their jobs are and what activities they are to perform. If they are not sure of what they are to do, they will not be able to do their jobs effectively. Goals are established before deciding the jobs and activities that need to be performed. One of the jobs that might be assigned is locating resources. Managers often review suggestions throughout the project; however, reviewing suggestions does not make it clear to members what their jobs are and what activities they are to perform.
SOURCE: OP:002 Apply project-management tools to monitor and communicate project progress
SOURCE: Mrsic, M. (2017, April 5). *Project manager roles and responsibilities [8 key roles]*. Retrieved September 11, 2020, from <https://activecollab.com/blog/project-management/project-manager-roles-and-responsibilities>
62. A
Lessons learned meeting. It is important for teams to discuss and document the lessons learned from a project after it is complete. These lessons can then be used to improve work on future projects. A project planning meeting happens either at the beginning of a project (to create the project plan) or in the midst of the project (to make changes to the project plan). After the project is over, the plan is complete. Monitoring takes place during a project and ends when the project ends. The project champion is the person in the organization who has the authority to use resources within or outside an organization for completion of a given project. S/he serves as the single point of contact between upper management and those working on the project. A project champion is identified at the beginning of the project.
SOURCE: OP:159 Evaluate project results
SOURCE: Egeland, B. (2020). *5 easy steps to the perfect lessons learned session*. Retrieved September 11, 2020, from <https://www.mindgenius.com/5-easy-steps-to-the-perfect-lessons-learned-session>
63. D
Greater productivity. Companies can improve their productivity by maintaining a formal purchasing process that secures the materials needed for efficient production. The purchasing process is not necessarily related to a company's public relations efforts or hiring processes. Companies can actually decrease their waste by maintaining a formal purchasing process since the purchasing process requires consistent monitoring of inventory.
SOURCE: OP:247 Explain the impact of the purchasing process on productivity
SOURCE: Accounting Financial & Tax. (2018). *Purchasing objectives and its impact on profitability*. Retrieved September 11, 2020, from <http://accounting-financial-tax.com/2008/12/purchasing-objectives-its-impact-on-profitability>

64. C

Operating expenses. An employee who does not properly use the time on the job to perform the assigned work-related tasks increases the business's operating expenses. Other employees may need to do additional work to compensate or the work may not be completed on time. Both possibilities cost the business additional money. An employee who is not working effectively does not increase a business's profit margin, production, or sales figures.

SOURCE: OP:025 Explain employee's role in expense control

SOURCE: LAP-OP-025—Buck Busters (Employee Role in Expense Control)

65. C

Accuracy of prediction. There are many factors for a business to consider in choosing a method of preparing its sales forecasts. One of the main considerations is how accurate it will be. The method chosen must provide a sales forecast that is as accurate as possible in order for it to be of the most use to the business. Businesses do not consider quantity of copies or versatility of use when choosing sales forecast methods. They also do not market the data presented.

SOURCE: MP:013 Explain the nature of sales forecasts

SOURCE: Insight Squared. (2020). *5 key reasons to use sales forecasts*. Retrieved October 27, 2020, from <https://www.insightsquared.com/blog/why-data-driven-sales-forecasts-are-important/>

66. B

Persevere. Perseverance is the ability to keep at something until it is finished. John was set on his goal, and he kept at it until it was achieved. John's career goal was a long-term goal rather than a short-term goal. John developed higher self-esteem because he achieved his goal. John's goal was very clear, not vague.

SOURCE: PD:018 Set personal goals

SOURCE: LAP-PD-016—Go for the Goal (Goal Setting)

67. B

Social responsibility. When a business contributes to the well-being of society, it is being socially responsible. A business that donates a set amount of its profits to charity is contributing to society's well-being. Community liability, political accountability, and legal reliability are not terms that describe a business that makes charitable contributions.

SOURCE: PI:015 Describe the role of business ethics in pricing

SOURCE: Ganti, A. (2020, July 17). *Social responsibility*. Retrieved October 27, 2020, from <https://www.investopedia.com/terms/s/socialresponsibility.asp>

68. D

How to contact government agencies. There are many city, state, and federal government agencies that regulate the rights of consumers, but these agencies are not listed in a warranty. Explaining what kind of service or repairs are included, how long the warranty is in effect, and where to take or send the merchandise for service should be included in a written warranty.

SOURCE: PM:017 Identify consumer protection provisions of appropriate agencies

SOURCE: LAP-PM-007—Protect and Serve (Consumer Protection)

69. D

The National Retail Federation. Since John is employed in a retail store, he would benefit by being a member of a professional retail organization. The National Retail Federation is an organization whose members operate department, chain, mass merchandiser, and specialty stores. Professionals in the banking industry will benefit by being a member of a banking organization, such as the American Bankers Association. If he were manager of an amusement park, the International Association of Amusement Parks and Attractions would better suit him. Managers or owners of furniture stores would benefit by being a member of a professional furnishing association, such as the National Home Furnishing Association.

SOURCE: PD:036 Utilize resources that can contribute to professional development (e.g., trade journals/periodicals, professional/trade associations, classes/seminars, trade shows, and mentors)

SOURCE: Hill, J. (2018, July 11). *10 benefits of joining a professional organization*. Retrieved September 11, 2020, from <https://www.onelegal.com/blog/10-benefits-joining-professional-association/>

70. B

Buy item Y and receive service W free for six months. Product bundling involves combining goods and/or services and offering them to customers as one product for a lower price than if the customers were to buy all of the products individually. Often, businesses bundle new products with existing products in order to create interest in the new product. A business that provides a free service for a certain amount of time hopes that the customer gets used to having the service and will pay to continue receiving the service once the free offer expires. Businesses may use rebates, invoice discounts, and coupons in conjunction with product-bundle strategies.

SOURCE: PM:041 Describe the nature of product bundling

SOURCE: Zoho Inventory. (2020). *What is product bundling?* Retrieved October 27, 2020, from <https://www.zoho.com/inventory/guides/what-is-product-bundling.html#:~:text=Product%20bundling%20is%20a%20technique,an%20example%20of%20product%20bundles>

71. C

Unethical. An unethical pricing tactic is one that is dishonest or immoral. Developing a pricing structure that encourages customers to buy additional services that they don't need in order to obtain the original product may be unethical. If customers are led to believe that they need the additional services even though they don't, the business is deceiving customers, which is an unethical tactic. Businesses have an obligation to be fair with customers and not trick them into buying items that they don't need. Although this tactic is often unethical, it is not illegal. Predatory pricing involves setting very low prices on certain goods or services in order to hurt competitors and try to drive them out of business. This tactic is often illegal. It is not an accepted pricing tactic to encourage customers to buy items that they don't need in order to obtain the original product.

SOURCE: PI:015 Describe the role of business ethics in pricing

SOURCE: Pricefx. (2020, March 25). *The dark side of pricing: What it is and how to avoid it*. Retrieved September 10, 2020, from <https://www.pricefx.com/the-dark-side-of-pricing-what-it-is-and-how-to-avoid-it/>

72. D

The marketing environment is constantly changing. The marketing environment is constantly changing, and marketers need information in order to keep up with these rapid changes. Other reasons that marketers continue to gather information include an increasing geographic scope for businesses, hard-to-please consumers, and increasing competition.

SOURCE: IM:001 Explain the nature and scope of the marketing-information management function

SOURCE: LAP-IM-002—Get the Facts Straight (Marketing-Information Management)

73. C

Producers make more of it. When demand for a product goes up over time, producers make more of it, the supply increases (not decreases), and the selling price goes down (not up). Demand does not necessarily correlate to whether or not customers can afford to buy a product.

SOURCE: PI:002 Explain factors affecting pricing decisions

SOURCE: LAP-PI-003—Make Cents (Factors Affecting Selling Price)

74. C

Offering incentives to distributors. During the maturity stage, intensive distribution is desirable but may be more difficult to achieve than in the growth stage. For this reason, marketers sometimes offer distribution incentives to encourage distributors to carry the product. Finding nontraditional distribution channels is an appropriate strategy for the decline stage. Marketers usually *decrease* media advertising during the maturity stage and focus more on in-store promotions. Prices during the maturity stage usually stabilize or decrease.

SOURCE: PM:024 Identify the impact of product life cycles on marketing decisions

SOURCE: LAP-PM-024—Get a Life (Cycle) (Product Life Cycles)

75. B

Mass customization. Ongoing technological advancements are helping businesses take their standard products and customize them for many people or businesses in an efficient, cost-effective way. For example, a basic software application can be adapted or programmed to fit a particular business's needs. Another example of mass customization is when a manufacturer customizes packaging for its authorized distributors. Reverse standardization, interactive transformation, and modified obsolescence are fictitious terms.

SOURCE: PM:039 Describe the use of technology in the product/service management function

SOURCE: Dollarhide, M. (2020, September 4). *Mass customization*. Retrieved September 10, 2020, from

<https://www.investopedia.com/terms/m/masscustomization.asp#:~:text=Mass%20customization%20is%20a%20marketing,or%20built%2Dto%2Dorder>

76. C

Accurate information. Businesses have the social responsibility to ensure that they provide accurate information on their products' labels. Incomplete or inaccurate information on product labels may mislead customers because the labels do not provide all of the facts that customers need to make an informed purchasing decision. In addition, incomplete or inaccurate information on product labels poses potential harm to customers because they may use a product inappropriately. Or, a product may contain dangerous contents and need special handling. Testimonials and promotional copy may encourage customers to buy a product, but these components may not provide necessary information (e.g., contents, safety, instructions) for sound or well-informed decision-making. Allowances are promotional funds provided by manufacturers to retailers. Allowances do not help customers make appropriate buying decisions.

SOURCE: PM:040 Explain business ethics in product/service management

SOURCE: Milbier, M. (2020). *Product labeling*. Retrieved September 10, 2020, from

<https://www.encyclopedia.com/finance/finance-and-accounting-magazines/product-labeling>

77. A

A need or want is unmet. A product opportunity is a favorable circumstance that presents itself to provide a good or service that consumers are willing to buy. If consumers are willing to buy something, they have unmet needs or wants. When a good or service can be produced quickly, some needs and wants are more likely to be fulfilled, depending on the availability of the resources needed to produce the goods or services. Product opportunities do not always exist when a situation requires evaluation or economic resources are abundant.

SOURCE: PM:134 Identify product opportunities

SOURCE: Peltier, J. (2018, August 25). *How to conduct a product opportunity assessment*. Retrieved September 10, 2020, from <https://medium.com/@johnpeltier/how-to-conduct-a-product-opportunity-assessment-e48671e09f5a>

78. C

Quantity. Quantity standards establish specifications used to measure the amount of work produced. They are common in business. For example, production managers specify the minimum number of units to be produced each hour, day, or month by individual workers or groups of workers. Sales managers establish the number of prospects that sales representatives must contact daily or weekly. Capacity measures the ability to hold or produce something. Activity is action or movement. Utility is usefulness. Capacity, activity, and utility are not common types of standards in business.

SOURCE: PM:019 Describe the uses of grades and standards in marketing

SOURCE: LAP-PM-008—Raise the Bar (Grades and Standards)

79. A

They can increase a business's expenses. Government regulations often increase a business's expenses. These added expenses may result from efforts to comply with the law and to produce safe products. Or they may result from failing to comply with the law and producing unsafe products. Product development can become more expensive because of government regulations. Because of government regulations, businesses often have to spend time and money to correct problems. Businesses must often carry more insurance to protect themselves.

SOURCE: PM:017 Identify consumer protection provisions of appropriate agencies

SOURCE: LAP-PM-007—Protect and Serve (Consumer Protection)

80. B

Competitive advantage. Businesses often gain a competitive advantage over competitors by offering customers a value or benefit that their competitors do not provide. If a business offers the best quality and service at a reasonable price, it has a competitive advantage over competitors that provide lower quality or higher prices. When businesses position themselves as providers of quality and service, customers often think of them in those terms and prefer to buy from those businesses. Businesses do not gain promotional consideration, geographic benefits, or marketing incentives by positioning their products as the ones offering the best quality and service for the price.

SOURCE: PM:042 Describe factors used by marketers to position products/services

SOURCE: LAP-PM-042—Getting Piece of Mind (Factors Used to Position Products/Services)

81. C

Brand extension. Brand extension is the strategy of using successful brand names to introduce new products. Brand repositioning attempts to change the way consumers see a brand. Brand licensing allows another company to use the brand name. Brand positioning creates a certain image or impression of a brand as compared to those of competitors' brands.

SOURCE: PM:021 Explain the nature of product/service branding

SOURCE: LAP-PM-006—It's a Brand, Brand, Brand World! (Nature of Product Branding)

82. B

Customer voice in branding. Customers' likes and dislikes should be taken into account when producing and branding a product or service. Products and services that are tailored to meet customers' wants and needs are much more likely to be successful than those that are not. This example demonstrates the importance of using all customer feedback to improve products and services, even if it is negative feedback. This example does not demonstrate the importance of hiring people to write fake reviews, deleting negative reviews, or using branding to prevent negative reviews.

SOURCE: PM:276 Describe the role of customer voice in branding

SOURCE: Minkara, O. (2015, March 30). *The voice of the customer in branding: A simple formula for success*. Retrieved September 10, 2020, from <https://ww.aberdeen.com/cmo-essentials/the-voice-of-the-customer-in-branding-a-simple-formula-for-success/>

83. A

Elements in advertisements. The headline, illustrations, copy, and signature are the main elements in advertisements. It is important that all of the elements are coordinated to create an effective ad that will attract readers. One way to coordinate the elements is to make sure that they promote the same theme. The intent is for each element to reinforce the others and strengthen the message of the ad. Making sure that the headline, illustrations, and copy promote the same theme is not an example of coordinating principles of design, channels of communication, or arrangements in print.

SOURCE: PR:251 Explain the importance of coordinating elements in advertisements

SOURCE: Hudgins, C. (2019, February 4). *7 elements of print advertising*. Retrieved September 10, 2020, from <https://smallbusiness.chron.com/7-elements-print-advertising-15325.html>

84. A

A business's core values identify the beliefs that the business stands for. A corporate brand consists of all of the combined customer impressions and experiences associated with a particular company. Many different elements, including the company's core values, brand cues, brand personality, brand promise, and touch points, make up a corporate brand's identity. A business's core values, also known as its brand values, are the beliefs or qualities that a brand stands for and is built around. The first step of building a corporate brand involves defining the company's core values. Customer touch points, which are all the opportunities that businesses have to connect with customers and reinforce their brand values, occur before, during, and after sales transactions. Everyone in the company is responsible for corporate branding—not just the customer service representatives. Employees must understand and embrace the brand's values, personality, and promise for the corporate brand to take hold and be a success. Brand cues are elements that remind customers and employees of brands and their values. They appear throughout the workplace and community as well as in advertising.

SOURCE: PM:207 Describe factors used by businesses to position corporate brands

SOURCE: Couchman, H. (2017, September 18). *The search for value: How to define brand values for your company*. Retrieved September 10, 2020, from <https://fabrikbrands.com/how-to-define-brand-values/>

85. A

Communicated. The basic purpose of promotion is communication. Those who prepare promotional material may gather opinions, research data, or organize their information; but the purpose of their efforts is to communicate information to achieve a desired outcome.

SOURCE: PR:001 Explain the role of promotion as a marketing function

SOURCE: LAP-PR-002—Razzle Dazzle (Nature of Promotion)

86. B

Personal selling completes the sale. Advertising is any paid form of nonpersonal presentation of ideas, goods, or services. It attracts consumers to a business, but personal selling efforts are required in order to complete sales. If enough sales are completed, the result will be reduced inventory levels. Warranties can be used in personal selling, but they are not part of the promotional mix. Advertising may increase rather than reduce the business's expenses.

SOURCE: PR:003 Identify the elements of the promotional mix

SOURCE: LAP-PR-001—Spread the Word (Nature of the Promotional Mix)

87. D

Stereotypes. A stereotype is a set image or an assumption about a person or thing. An advertisement that portrays a woman in a traditional female role (e.g., mopping the kitchen floor) is reinforcing a stereotype. Stereotyping women in such roles may offend some people because many males and females now share the responsibility of household chores. Discrimination is the unfair treatment of a person or group based on the person's or group's characteristics. Some people consider an advertisement that portrays a woman in a traditional female role as a gender-based form of discrimination, not an age-based discrimination. Socialization refers to the way in which a community organizes itself. Equity label is a fictitious term.

SOURCE: PR:099 Describe the use of business ethics in promotion

SOURCE: Lazzari, Z. (2018, October 19). *Types of stereotyping in advertising*. Retrieved September 10, 2020, from <https://smallbusiness.chron.com/types-stereotyping-advertising-11937.html>

88. C

Industry. Governments often restrict businesses in terms of their promotional activities. Some countries have independent groups (e.g., Public Citizen) that work to influence government regulation on the behalf of the consumer. In addition, many industries (e.g., media, financial services, utilities) have self-regulatory procedures in place to protect the integrity of their field. Competitive is a general term used to describe the level of rivalry between two or more businesses to attract scarce customer dollars. Nonprofit is a legal business structure. Liability is defined as debt.

SOURCE: PR:101 Describe the regulation of promotion

SOURCE: Saylor Academy. (2015, March 20). *Advertising regulation: Who looks out for us?* Retrieved September 10, 2020, from https://saylordotorg.github.io/text_launch-advertising-and-promotion-in-real-time/s06-04-advertising-regulation-who-loo.html

89. B

Accurate. Direct mail is a form of advertising in which the promotional medium comes to consumers' homes or businesses. A business uses direct mail to target its messages to very specific audiences. The business may use house (internal) mailing lists, external mailing lists that it purchases from brokers, or a combination of internal and external lists. Because direct mail is often an expensive way to promote a product, the business wants to make sure that the mailing list is accurate—that the names and addresses on the list are correct (accurate). Incorrect information often results in returned or undeliverable mail, which costs the business money. Mailing lists do not need to be extensive, conventional, or unusual.

SOURCE: PR:089 Explain the nature of direct marketing channels

SOURCE: Innovative Response Marketing. (2016, December 3). *Why high quality printing and accurate delivery matter in a direct mailing campaign.* Retrieved September 10, 2020, from <https://www.innovativeresponse.ca/blog/why-high-quality-printing-and-accurate-delivery-matters-in-a-direct-mailing-campaign/>

90. D

Solutions. All the elements of a print ad must be coordinated to produce the effect desired for the advertisement as a whole. If the headline identifies a problem, the copy should tell how the product will solve the problem. By solving the problem raised in the headline, the copy completes the intended message of the advertisement. Providing examples, descriptions, or reactions does not coordinate the copy with the headline.

SOURCE: PR:014 Explain the components of advertisements

SOURCE: Pearson, O. (2020). *Five common elements of print advertisement.* Retrieved September 10, 2020, from <https://smallbusiness.chron.com/five-common-elements-print-advertisement-21400.html>

91. D

To remind customers of a brand's values and qualities. Brand cues are essentially short cuts—elements that provide customers with a quick reminder of brands and their values. Cues can be very effective in influencing customers' buying behavior. Brand cues do not in and of themselves make one brand better than another, nor do they connect many brands to one another. In fact, just the opposite is true: They help distinguish one brand from another. Customers cannot avoid inferior products with brand cues alone; their overall experiences help them evaluate and select brands.

SOURCE: PM:206 Explain the nature of corporate branding

SOURCE: LAP-PM-020—Corporate Identity (Nature of Corporate Branding)

92. C

Public relations department. The public relations department is a division of the business that is responsible for establishing good relations between the business and the public. The department often works with several small groups of the public (constituencies), such as the business's customers, shareholders, board of directors, employees, local residents, local businesses, civic organizations, employees, and the media. Some activities that the public relations department is responsible for include preparing press kits for the media, coordinating special events, and lobbying government officials. The department is also responsible for crisis management and other types of communications with the public. The sales staff sells goods and services to customers. The advertising department develops and places advertisements. The product-management function is responsible for product-development activities.

SOURCE: PR:252 Identify types of public-relations activities

SOURCE: Agility PR Solutions. (2020). *Public relations activities*. Retrieved September 10, 2020, from <https://www.agilitypr.com/resources/pr-glossary/public-relations-activities/>

93. B

How companies can target the community with public relations efforts. One potential audience of public relations activities is the community. Businesses cannot avoid interacting with the community, so they should strive to maintain a good relationship. Cozy Cup Coffee realized that its relationship with the community was tenuous, so it engaged in a public relations effort by giving out free cups of coffee. This example does not depict how company shareholders are the most important audience of public relations, why company vendors get in the way of community relations, or that residential areas are not appropriate targets for public relations activities.

SOURCE: PR:253 Discuss internal and external audiences for public-relations activities

SOURCE: Cohn, M. (2020). *Importance of an effective community relations program*. Retrieved September 10, 2020, from

<http://cohnpr.com/Articles/ImportanceofanEffectiveCommunityRelationsProgram/tabid/94/Default.aspx>

94. A

The loyalty shown by repeat customers. Although the steps taken to build goodwill cost money, businesses are able to offset these costs with the results of customer loyalty: reduced selling costs, positive word-of-mouth advertising, and increased sales volume. The use of effective follow-up techniques is one of the steps taken in building a clientele for which businesses must pay.

SOURCE: SE:828 Explain key factors in building a clientele

SOURCE: LAP-SE-828—Keep Them Loyal (Key Factors in Building Clientele)

95. B

Marketing strategies and programs. The goal of obtaining a bigger market share is known as growth strategy and is a general marketing strategy that should be detailed in the marketing strategies and programs section. The performance and implementation section explains expected results and how progress will be measured. The desired target market section includes demographic information on the target market that the company desires to reach. The situation analysis provides a “snapshot” of the current marketing situation.

SOURCE: MP:007 Explain the nature of marketing plans

SOURCE: LAP-MP-007—A Winning Plan (Nature of Marketing Plans)

96. A

A salesperson gives a ski trip to a buyer who makes a large purchase. Bribery is an illegal payment (e.g., cash, gifts, trips) intended to secure business or products in return. When a salesperson gives a free ski trip to a buyer in exchange for the buyer's business, the salesperson is engaging in a bribe, which is unethical and often illegal. Advising a customer about a discount and telling a customer about a limited-time offer are ethical actions. A salesperson who exaggerates a product's capabilities is misleading rather than bribing the customer, and is also engaging in an unethical, illegal action.

SOURCE: SE:106 Explain legal and ethical considerations in selling

SOURCE: LAP-SE-129—Keep It Real—In Sales (Legal and Ethical Considerations in Selling)

97. A

Newspaper advertisements. Many businesses place advertisements in newspapers that promote their goods and services. These advertisements are a good source of information for selling because they usually contain information about the business's goods and services. The advertisements may describe the goods and services, explain any warranties or guarantees, or list the price and availability. This information can be used by salespeople in selling the goods or services to customers. Professional publications, trade magazines, and product labels may be sources of selling information, but they are not types of company promotional materials.

SOURCE: SE:062 Acquire product information for use in selling

SOURCE: Klein, D. (2020). *Basics of local newspaper advertising*. Retrieved September 10, 2020, from <https://macromark.com/blog/basics-of-local-newspaper-advertising>

98. C

Sometimes isn't enough in difficult ethical dilemmas. Following rules and guidelines will usually lead you in the right direction. It might not be enough, however, to make sure that you are ethical in all situations. You will need to use your judgment and check in with your own ethical principles from time to time. Following the code of conduct or code of ethics does not always guarantee that you will behave ethically. Following the code of conduct or code of ethics does not necessarily tempt people to act unethically or include attending ethics training.

SOURCE: EI:132 Model ethical behavior

SOURCE: LAP-EI-132—Practice What You Preach (Modeling Ethical Behavior)

99. D

Discovering client needs. A successful sales presentation hinges on discovering the client's needs and wants. After needs and wants are identified, the usual order is to prescribe solutions to needs, to reach closure, and to reaffirm the buyer-seller relationship.

SOURCE: SE:048 Explain the selling process

SOURCE: Act! LLC. (2020). *The 5 step sales process*. Retrieved September 10, 2020, from <https://www.act365.com/5-step-sales-process/>

100. B

Conceptual skills. Conceptual skills involve the ability to see the "big picture" and think about how things will work together. The ability to see the big picture and how things fit together facilitates sound decision-making, idea generation, and creative problem-solving activities because the manager understands how various changes can impact other departments and employees. Interpersonal skills involve the ability to communicate, interact, and build relationships with others. Technical skills or competence is the ability to understand the specialized aspects of jobs.

SOURCE: SM:001 Explain the concept of management

SOURCE: LAP-SM-001—Manage This! (Concept of Management)