

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 1) In which of the following ways is GE like most other large companies? 1) _____
 - A) It has an entertainment division.
 - B) Most of its business comes from commercial and industrial customers.
 - C) Most of its business comes from final consumers.
 - D) It has a finance division.
 - E) It produces hundreds of products for a wide range of markets.

- 2) As a purchasing agent, Benni Lopez buys goods and services for use in the production of products that are sold and supplied to others. Benni is involved in _____. 2) _____
 - A) post-purchase dissonance
 - B) interpretive business research
 - C) consumer buying behaviour
 - D) retail buyer behaviour
 - E) business buyer behaviour

- 3) Business buying behaviour refers to the buying behaviour of organizations that buy all of the following EXCEPT _____. 3) _____
 - A) services for use in production of other services
 - B) products purchased to rent to others
 - C) products for use in production of other products
 - D) products purchased to resell to others
 - E) products purchased for personal consumption

- 4) In one way or another, most large companies sell to _____. 4) _____
 - A) other organizations
 - B) the service sector
 - C) not-for-profit companies
 - D) consumers
 - E) employees

- 5) When compared to consumer markets, business markets are _____. 5) _____
 - A) huge
 - B) approximately the same
 - C) smaller
 - D) somewhat larger
 - E) less complex

- 6) Which of the following is NOT a way that business and consumer markets differ? 6) _____
 - A) types of decisions
 - B) decision processes
 - C) satisfaction of needs through purchases
 - D) market structure and demand
 - E) nature of the buying unit

- 7) There are many sets of _____ purchases made for each set of _____ purchases. 7) _____
A) business; consumer
B) service; product
C) consumer; business
D) product; service
E) tangible; intangible
- 8) Which of the following is true about business marketers in comparison to consumer marketers? 8) _____
A) They deal with the same decision buying process.
B) They deal with a more elastic market.
C) They deal with far fewer but far larger buyers.
D) They deal with far more but far small buyers.
E) They deal with fewer demands in fluctuation.
- 9) Hewlett-Packard and Dell buy Intel microprocessor chips because consumers buy personal computers. This demonstrates an economic principle called _____. 9) _____
A) derived demand
B) fluctuating demand
C) elastic demand
D) market demand
E) joint demand
- 10) The Pure Drug Company produces insulin, a product with a very stable demand, even though the price has changed several times in the past two years. Insulin is a product with _____ demand. 10) _____
A) inelastic
B) joint
C) elastic
D) fluctuating
E) service
- 11) The demand for many business goods and services tends to change more, and more quickly, than the demand for consumer goods and services does. This is referred to as _____ demand. 11) _____
A) fluctuating
B) elastic
C) inelastic
D) derived
E) supplier
- 12) Large business purchasers usually call for detailed product specifications, written purchase orders, careful supplier searches, and formal approval. These are all examples of how the business buying decision process is more _____ than the consumer buying decision process is. 12) _____
A) creative
B) formalized
C) independent
D) concentrated
E) relationship-oriented

- 13) The owners of the company you work for have developed a core network of suppliers they are working closely with to ensure an appropriate and dependable supply of products. This is an example of _____ management. 13) _____
- A) channel captain
 - B) supplier development
 - C) network relationship
 - D) value chain
 - E) core channel
- 14) Although there are many differences between business buying behaviour and consumer buying behaviour, both respond to the same four stimuli: product, price, promotion, and _____. 14) _____
- A) publicity
 - B) packaging
 - C) place
 - D) personal relationships
 - E) precision
- 15) In a typical organization, buying activity consists of two major parts: the buying _____ and the buying _____. 15) _____
- A) economic order quantity; reorder point
 - B) deciders; influencers
 - C) committee; time
 - D) time; reorder point
 - E) centre; decision process
- 16) The buying centre and the buying decision process are affected by all of the following factors EXCEPT _____. 16) _____
- A) external environmental factors
 - B) self-concept factors
 - C) interpersonal factors
 - D) internal organization factors
 - E) individual factors
- 17) Which business buying situation is the marketer's greatest opportunity and challenge? 17) _____
- A) new task
 - B) multiple rebuys
 - C) straight rebuy
 - D) system rebuy
 - E) modified rebuy
- 18) In which type of buying situation would a supplier most likely focus on maintaining product and service quality? 18) _____
- A) solutions task
 - B) modified rebuy
 - C) systems task
 - D) straight rebuy
 - E) new task

- 19) You just lost a major account because a competitor provided the most complete system to meet the customer's needs and solve the customer's problems, and made the sale. In other words, the competition beat you with _____. 19) _____
- A) customer relationship management
 - B) promotions
 - C) team selling
 - D) solutions selling
 - E) cross-functional skill
- 20) Another name for systems selling is _____ selling. 20) _____
- A) solutions
 - B) periodic purchase
 - C) negotiated contract
 - D) blanket contract
 - E) vendor-managed inventory
- 21) The decision-making unit of a buying organization is called the _____. 21) _____
- A) supplier-development centre
 - B) buying centre
 - C) business buyer
 - D) buying system
 - E) business-to-business market
- 22) A _____ consists of the actual users of products, those who control buying information, those who influence the decisions, those who do the actual buying, and those who make the buying decisions. 22) _____
- A) cross-functional team
 - B) supplier development team
 - C) buying centre
 - D) partnership management team
 - E) quality management centre
- 23) In routine buying situations, which members of the buying centre have formal or informal power to select or approve the final suppliers? 23) _____
- A) gatekeepers
 - B) deciders
 - C) users
 - D) influencers
 - E) buyers
- 24) A(n) _____ controls the flow of information to others in the buying centre. 24) _____
- A) buyer
 - B) user
 - C) gatekeeper
 - D) influencer
 - E) decider

- 25) Don Amspacher, in his role on the buying committee, provides information for evaluating the alternative purchase decisions and helps define and set specifications for evaluating alternatives for purchasing. Don is a(n) _____. 25) _____
- A) decider
 - B) buyer
 - C) user
 - D) influencer
 - E) gatekeeper
- 26) Gretchen Kabor has formal authority to select the suppliers and arrange terms of purchase for many of the items her firm uses. Her role in the buying centre is that of _____. 26) _____
- A) decider
 - B) user
 - C) influencer
 - D) gatekeeper
 - E) buyer
- 27) A buying centre is not a fixed, formally identified, unit within an organization, but rather a set of _____ assumed by different people for different purchases. 27) _____
- A) budgetary limits
 - B) marketing positions
 - C) informal job titles
 - D) buying roles
 - E) status roles
- 28) Which of the following is NOT included in the decision-making unit of a buying organization? 28) _____
- A) individuals who make the buying decision
 - B) individuals who control buying information
 - C) individuals who use the product or service
 - D) individuals who supply the product
 - E) individuals who influence the buying decision
- 29) Which of the following statements about buying centres is true? 29) _____
- A) An individual's role in the buying centre does not change.
 - B) The buying centre is like a standing committee.
 - C) The typical buying centre has five employees, one to assume each of the buying centre's roles.
 - D) The buying centre roles are specified on the organizational chart.
 - E) The buying centre may involve informal participants who are not obvious to sellers.
- 30) When suppliers' offers are very similar, business buyers have little basis for strictly _____. 30) _____
- A) personal choice
 - B) rational choice
 - C) independent choice
 - D) intuitive choice
 - E) emotional choice

- 31) When competing products differ greatly, business buyers are more accountable for their purchase choices and tend to pay more attention to _____. 31) _____
- A) emotional choice
 - B) creative factors
 - C) personal factors
 - D) economic factors
 - E) intuition
- 32) Which environmental factor is the reason that many companies now are more willing to buy and hold larger inventories of scarce materials to ensure adequate supply? 32) _____
- A) culture and customs
 - B) the economic outlook
 - C) the cost of money
 - D) shortages in key materials
 - E) the level of primary demand
- 33) To ensure an adequate and available supply of key scarce materials, many companies are now willing to _____. 33) _____
- A) experiment with just-in-time technologies
 - B) eliminate distribution and warehousing partners
 - C) buy and hold large inventories of the materials
 - D) decrease levels of demand
 - E) reduce the length of the supply chain
- 34) The major influences on the buying process at General Aeronautics include company policies and systems, technological change, and economic developments. The influences on the buying process in this scenario are most accurately categorized as _____ and _____. 34) _____
- A) organizational; environmental
 - B) individual; organizational
 - C) environmental; interpersonal
 - D) organizational; interpersonal
 - E) individual; environmental
- 35) Which of the following types of factors influencing members of a buying centre are typically the most difficult for marketers to assess? 35) _____
- A) technological
 - B) organizational
 - C) economic
 - D) political
 - E) interpersonal
- 36) Policies, procedures, and systems are all examples of _____ influences on business buyer behaviour. 36) _____
- A) organizational
 - B) interpersonal
 - C) environmental
 - D) authoritative
 - E) cultural

- 37) Status, empathy, and persuasiveness are all examples of _____ influences on business buyer behaviour. 37) _____
- A) interpersonal
 - B) cultural
 - C) organizational
 - D) individual
 - E) environmental
- 38) Charlie Nolan, executive vice president of National Central Bank, is going through all of the stages of the buying process to purchase a computer system for the bank. Charlie is facing a(n) _____ situation. 38) _____
- A) straight rebuy
 - B) modified rebuy
 - C) independent buying
 - D) limited budget
 - E) new-task buying
- 39) Which of the following is an example of an internal stimulus that might lead to the business buying process stage of problem recognition? 39) _____
- A) A buyer receives a call from a salesperson offering better service terms.
 - B) A buyer learns about a new product at an industry convention.
 - C) A buyer is unhappy with a current supplier's price.
 - D) A buyer gets a new idea from an advertisement.
 - E) A buyer gets a new idea at a trade show.
- 40) The first step of the business buying process is _____. 40) _____
- A) general need description
 - B) order-routine specification
 - C) alternative evaluations
 - D) problem recognition
 - E) performance review
- 41) Business marketers often alert customers to potential problems and then show how their products provide solutions. These marketers are hoping to influence which stage of the business buying process? 41) _____
- A) alternative evaluations
 - B) general need description
 - C) performance review
 - D) problem recognition
 - E) order-routine specification
- 42) The purchasing agent at your company is working with engineers and users to define the items to purchase by describing general characteristics and quantities needed. He is also ranking the importance of reliability, durability, and price. The buyer is preparing a(n) _____. 42) _____
- A) general need description
 - B) value analysis
 - C) product specifications list
 - D) order-routine specification
 - E) product proposal

- 43) In which stage of the business buying process is a supplier most likely to provide a buyer with information about the values of different product characteristics? 43) _____
A) order-routine specification
B) supplier search
C) general need description
D) supplier selection
E) problem recognition
- 44) Which of the following is the process of the buying centre deciding on the best product characteristics? 44) _____
A) general need description
B) product specification
C) purchase order
D) value analysis
E) marketing myopia
- 45) During which stage of the business buying process is a buyer most likely to conduct a value analysis, carefully studying components to determine if they can be redesigned, standardized, or made less expensively? 45) _____
A) proposal solicitation
B) product specification
C) general need description
D) performance review
E) order-routine specification
- 46) Empire Products has begun a process to find the best suppliers. Empire Products is actively engaged in _____. 46) _____
A) performances review
B) supplier selection
C) supplier search
D) value analysis
E) supplier control
- 47) A buyer would be most likely to review trade directories in which stage of the business buying process? 47) _____
A) general need description
B) supplier search
C) product specification
D) supplier selection
E) problem recognition
- 48) In the generally accepted stages of the business buying process, the step following product specification is _____. 48) _____
A) order-routine specification
B) general need description
C) problem recognition
D) proposal solicitation
E) supplier search

- 49) In the generally accepted stages of the business buying process, the step following problem recognition is _____. 49) _____
- A) performance review
 - B) proposal solicitation
 - C) product value analysis
 - D) general need description
 - E) supplier search
- 50) Members of the buying centre at ABC Kid's World are drawing up a list of desired toy supplier attributes and their relative importance. Next, they intend to compare several suppliers to these attributes. In which step of the business buying process is the buying centre at ABC Kid's World engaged? 50) _____
- A) proposal solicitation
 - B) supplier selection
 - C) supplier search
 - D) order-routine specification
 - E) performance review
- 51) Which of the following statements about the supplier selection stage of the business buying decision process is true? 51) _____
- A) Price is the only factor businesses consider before making a purchase decision.
 - B) Before selecting a supplier, many companies consider the supplier's reputation, ethical corporate behaviour, and honest communication.
 - C) Price and warranty are the only two factors businesses consider before making a purchase decision.
 - D) Even companies that have adopted a total quality management approach consider price to be the most important factor in choosing a supplier.
 - E) Buyers do not negotiate for better terms before making a final supplier selection.
- 52) During the _____ stage of the business buying decision process, the buying centre assesses the proposals. 52) _____
- A) supplier selection
 - B) performance review
 - C) order-routine specification
 - D) product value analysis
 - E) proposal solicitation
- 53) In the case of maintenance, repair, and operating items, buyers may use a _____ rather than periodic purchase orders. 53) _____
- A) locked-in sale
 - B) binding purchase order
 - C) negotiable instrument
 - D) blanket contract
 - E) solutions purchase

- 54) In which stage of the business buying process is a supplier's task to make sure that the supplier is giving the buyer the expected satisfaction? 54) _____
- A) performance review
 - B) order-routine specification
 - C) supplier search
 - D) supplier selection
 - E) problem recognition
- 55) Following a purchase, the buyer and seller would both monitor which phase of the new-task buying situation? 55) _____
- A) value analysis
 - B) supplier selection
 - C) performance review
 - D) vendor analysis
 - E) order-routine specifications
- 56) Under a _____, a supplier monitors and replenishes a buyer's stock automatically as needed. 56) _____
- A) stand-alone contract
 - B) periodic purchase order
 - C) negotiated contract
 - D) vendor-managed inventory
 - E) blanket contract
- 57) Which of the following accurately describes a cultural difference international marketers should be aware of? 57) _____
- A) Japanese people tend to put a high value on rank.
 - B) British businesspeople are accustomed to making more business deals over the telephone than in person.
 - C) French businesspeople are accustomed to building relationships between buyer and seller through quick and easy familiarity.
 - D) German people tend to be impressed by overstatement and showiness.
 - E) Outside of English-speaking countries, most business leaders do not speak English.
- 58) Which of the following is the best advice for an international marketer planning to interact with businesspeople from many different cultures? 58) _____
- A) Cultures really are different, so do your best to learn about those differences.
 - B) Assume that businesspeople from different cultures will make accommodations for you.
 - C) Trust your instincts and behave as you normally do.
 - D) Use the same strategies with all of your clients, no matter what their cultural backgrounds are.
 - E) Remember that countries all over the world are fascinated with American culture.
- 59) Instead of focusing on managing individual purchases, a seller should focus on managing the _____ 59) _____
- A) building a good reputation in the marketplace
 - B) use of blanket contracts
 - C) order-routine specifications
 - D) organizational environment
 - E) total customer relationship

- 60) Which of the following would allow a company to create direct procurement accounts with suppliers such as Dell or Office Depot through which company buyers can purchase equipment, materials, and supplies directly? 60) _____
- A) an extranet
 - B) a trading exchange
 - C) a reverse auction
 - D) an intranet
 - E) buying centres
- 61) Reverse auctions, trading exchanges, and company buying sites are all ways that companies can participate in _____. 61) _____
- A) e-procurement
 - B) product value analysis
 - C) blanket contracts
 - D) secure extranets
 - E) vendor-managed inventory systems
- 62) The Bentley department store chain makes extensive use of e-procurement. As a buyer, the store should expect to enjoy all of these benefits of e-procurement EXCEPT _____. 62) _____
- A) hastened order processing and delivery
 - B) lower purchasing costs
 - C) reduced payroll
 - D) greater access to new suppliers
 - E) more time for purchasing agents to focus on strategic issues
- 63) B-to-B e-procurement yields many benefits. These include all of the following EXCEPT _____. 63) _____
- A) reduced order processing costs
 - B) elimination of much of the paperwork associated with traditional ordering procedures
 - C) more efficient purchasing for both buyers and sellers
 - D) reduced transaction costs
 - E) elimination of inventory problems
- 64) A problem with the rapidly expanding use of e-purchasing is that it _____. 64) _____
- A) reduces the amount of time purchasing people can spend on strategic issues
 - B) saves less time than expected
 - C) generates less cost savings than predicted
 - D) generates more transactions to document
 - E) can erode established customer-supplier relationships
- 65) The leading barrier to expanding electronic links with customers and partners online is _____. 65) _____
- A) lack of trained personnel
 - B) lack of evidence of efficiencies gained through e-procurement
 - C) lack of knowledge
 - D) concern over security
 - E) cost

- 66) Firewalls and encryption are _____. 66) _____
A) two methods of communicating with e-commerce customers
B) two methods for increasing employee productivity
C) effective methods for efficiently linking buyer and seller Web sites
D) entirely reliable at keeping hackers away from sensitive company information
E) two commonly used techniques to safeguard Internet and extranet transactions
- 67) Which of the following statements about e-procurement security issues is true? 67) _____
A) Providing e-procurement security can involve a substantial financial investment from a company.
B) Firewalls provide adequate security for all Internet exchanges.
C) Hackers are not interested in many business-to-business transactions.
D) There are no security risks for companies doing business on the Internet.
E) Extranet users and Internet users face the same security risks and use the same security tools.
- 68) Sage, Inc., provides food services to schools, hospitals, and nursing homes in the Midwest. 68) _____
Management at Sage is involved in the _____ market.
A) not-for-profit
B) global
C) local
D) government
E) institutional
- 69) Many institutional markets are characterized by _____ and _____. 69) _____
A) mismanagement; disgruntled workers
B) special needs; vague criteria
C) captive patrons; limited access
D) low budgets; vague criteria
E) low budgets; captive patrons
- 70) Government organizations tend to favour _____ suppliers over _____ suppliers. 70) _____
A) local; domestic
B) nonunionized; unionized
C) domestic; foreign
D) foreign; domestic
E) unionized; nonunionized
- 71) All of the following are difficulties associated with selling to government buyers EXCEPT 71) _____
_____.
A) regulations
B) low sales volume
C) bureaucracy
D) large group decision making
E) considerable paperwork
- 72) Information about bidding opportunities in the federal government is widely available online 72) _____
through the electronic tendering system _____.
A) AIT B) StatsCan C) NAFTA D) PWSCG E) MERX

- 73) There are many factors considered in government buying, but _____ is, above all, the most important. 73) _____
- A) advertising
 - B) personal selling
 - C) packaging
 - D) product differentiation
 - E) price
- 74) Total government spending is determined by _____ rather than by any _____ to develop this market. 74) _____
- A) price; contracts
 - B) elected officials; marketing effort
 - C) product and service availability; marketing strategies
 - D) marketing effort; elected officials' effort
 - E) elected officials; contracts
- 75) One unique thing about government buying is that it is _____. 75) _____
- A) carefully watched by outside publics
 - B) affected by environmental factors
 - C) prone to human error
 - D) affected by organizational factors
 - E) decided by a buying centre
- 76) Which of the following is NOT part of the business market? 76) _____
- A) A Canadian software company buys tickets to send a group of salespeople to make a presentation to a heavy equipment manufacturer in Japan.
 - B) Scott Sign Systems sells interior signs to an Alabama resort.
 - C) A municipal government buys chemicals for its city swimming pools.
 - D) Sue buys a gift for her mother.
 - E) Airmark sells a vinyl printing press to a manufacturer of plastic bags.
- 77) Giant Food Stores buy a lot of frozen turkey products at Thanksgiving and Christmas due to high consumer demand. This is an example of _____ demand. 77) _____
- A) fluctuating
 - B) derived
 - C) joint
 - D) elastic
 - E) inelastic
- 78) Demand for outboard motors depends on consumers purchasing fishing boats. This is an example of _____ demand. 78) _____
- A) fluctuating
 - B) joint
 - C) contrived
 - D) leisure
 - E) derived

- 79) ABC Enterprises sold 9,000 units @ \$2.99/unit in July. The firm sold 9,000 units @ \$4.29/unit in August. This illustrates _____ demand. 79) _____
- A) joint
 - B) contrived
 - C) derived
 - D) inelastic
 - E) fluctuating
- 80) UPS serves both consumer and business markets, but most of its revenues come from its business customers. UPS has become a strategic logistics ally for many of its business customers, going far beyond offering delivery services to offering inventory management, international trade management, and even financing to its commercial customers. This is an example of which of the following differences between the consumer and business markets? 80) _____
- A) Buyers and sellers in the business market build close, long-term relationships.
 - B) Business purchases involve more buyers.
 - C) Demand in business markets is inelastic.
 - D) Business buyer demand is derived.
 - E) Business markets contain more and larger buyers.
- 81) You call in a department manager to assist in a purchase of industrial equipment. You are considering a change in product specifications, terms, and possibly suppliers. This is most likely a _____ situation. 81) _____
- A) value analysis
 - B) new task
 - C) modified rebuy
 - D) straight rebuy
 - E) solution selling
- 82) Which of the following is most likely true about a straight rebuy? 82) _____
- A) It involves more opportunities for "out" buyers than other types of purchasing situations do.
 - B) It occurs when a buyer wants to locate the best deal on the market.
 - C) It requires little customer relationship management.
 - D) It is more complex than a new-task situation.
 - E) It often involves products with low risks.
- 83) You regularly purchase cleaning supplies for your custodial staff, using the same vendor and ordering relatively consistent amounts of the same products with each purchase. This is an example of a _____ situation. 83) _____
- A) solution selling
 - B) new task
 - C) modified rebuy
 - D) value analysis
 - E) straight rebuy

- 84) Worthington Farm raises chickens. For years, it has used wooden coops for hauling its poultry to market. The owner of the farm needs to buy some replacement coops and is considering buying plastic coops that are slightly more expensive than wooden ones but much easier to clean after use. This purchase of coops is an example of a _____. 84) _____
- A) straight rebuy
 - B) solution selling situation
 - C) modified rebuy
 - D) value analysis
 - E) new task
- 85) The EPA has mandated that, in order to reduce local pollution, your printing plant switch from oil-based to water-based inks. This will require entirely new printing presses and a new printing plate technology. After carefully searching through numerous manufacturers' equipment descriptions and gathering opinions from all relevant parties related to the work, the printing plant's buying centre will be ready to make this _____ purchase. 85) _____
- A) straight rebuy
 - B) new task
 - C) situational analysis
 - D) straight task
 - E) modified rebuy
- 86) Don Brady is responsible for obtaining price quotations from various vendors. After reviewing them, Don then determines whether or not to include the vendor on the approved vendor list. Don apparently plays two roles, that of _____ and _____. 86) _____
- A) gatekeeper; influencer
 - B) user; buyer
 - C) buyer; gatekeeper
 - D) buyer; influencer
 - E) decider; buyer
- 87) One of Dr. Albrecht's dental assistants told the dentist he should buy a machine that would sterilize his tools without using any water because water tends to cause the tools to rust or corrode over time. In terms of the buying centre, the dental assistant had the role of _____. 87) _____
- A) influencer
 - B) initiator
 - C) gatekeeper
 - D) buyer
 - E) liaison
- 88) One of Dr. Albrecht's dental assistants told the dentist he should buy a machine that would sterilize his tools without using any water because water tends to cause the tools to rust or corrode over time. Dr. Albrecht, who runs a solo practice in a small rural town, located some articles on the chemical sterilizer and read about how the machine works. After gathering more information and talking to salespeople, Dr. Albrecht placed his order for the machine. In terms of the buying centre, Dr. Albrecht had the role of _____. 88) _____
- A) influencer
 - B) liaison
 - C) agent
 - D) decider
 - E) initiator

- 89) A trucking company is considering purchasing new trucks that are powered by ethanol instead of diesel fuel. In terms of the buying centre, the truck drivers who must make sure that the trucks do not run out of fuel are the _____. 89) _____
- A) users
 - B) initiators
 - C) influencers
 - D) buyers
 - E) deciders
- 90) Worthington Farm raises chickens. For years, it has used wooden coops for hauling its poultry to market. When Bob Worthington went to reuse some of his coops, he noticed many of them could not be sufficiently cleaned for reuse and needed to be replaced. Worthington was at which stage of the business buying process when he decided to replace his old coops? 90) _____
- A) product specification
 - B) performance review
 - C) general need description
 - D) product value analysis
 - E) problem recognition
- 91) John Herr's company has standardized the size of its paper bags so that each bag can be used in five to seven different store departments. This approach to cost reduction likely took place in the _____ stage of the business buying process. 91) _____
- A) product specification
 - B) proposal solicitation
 - C) general need description
 - D) supplier search
 - E) problem recognition
- 92) In what type of buying situation would a seller most likely send only a catalogue to the buyer during the proposal solicitation stage of the business buying process? 92) _____
- A) independent task
 - B) straight rebuy
 - C) new task
 - D) solution selling
 - E) modified rebuy
- 93) Most newspapers rely on _____ so they do not need to rely on only one supplier to provide the tons of paper that they use annually. 93) _____
- A) blanket contracting
 - B) multiple sourcing
 - C) single sourcing
 - D) cross-docking
 - E) vendor-managed inventory

- 94) Pace Hardware uses Learningnow.com to improve sales force effectiveness and facilitate sharing of expertise. It allows Pace retailers to link with other Pace retailers to ask for managerial and marketing advice. It also allows Pace retailers to ask their suppliers about product usage, deliveries, and warranties, and it allows suppliers to send new-product information directly to Pace retailers. In this scenario, Pace Hardware is using a(n) _____. 94) _____
- A) search engine
 - B) extranet
 - C) intranet
 - D) reverse auction
 - E) trading exchange
- 95) Which of the following was most likely being used when Boeing received orders for \$100 million in spare parts in the first year its Web site was in operation? 95) _____
- A) single sourcing
 - B) e-procurement
 - C) blanket contracting
 - D) an intranet
 - E) a reverse auction site
- 96) All of the following organizations are likely considered to be a part of the institutional market EXCEPT _____. 96) _____
- A) Lancaster Township
 - B) Millersville University
 - C) Joliet Prison
 - D) The Water Street Rescue Mission
 - E) LaGrange Community Hospital

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

- 97) The main differences between business and consumer markets include market structure and demand, the nature of the buying unit, and the types of decisions. 97) _____
- 98) One set of business purchases is made for each set of consumer purchases. 98) _____
- 99) A business marketer normally deals with far fewer buyers than the consumer marketer does. 99) _____
- 100) Buyer and seller are less dependent upon each other in the business buying process than in the consumer buying process. 100) _____
- 101) The business buying process consists of business buyers determining which products and services their organizations need to purchase, and then finding, evaluating, and choosing among alternative suppliers and brands. 101) _____
- 102) Business demand ultimately derives from the demand for consumer goods and services. 102) _____
- 103) Demand in business markets is subject to more fluctuation than in consumer markets. 103) _____
- 104) The marketer need not be aware of what happens within the organization to turn stimuli into purchase responses. 104) _____

- 105) Of the different types of buying situations, the modified rebuy presents the fewest decisions for a business buyer to make. 105) _____
- 106) Rob Taylor is the buyer for Major Memories. He regularly orders inexpensive merchandise in a fairly routine fashion without any modifications. He may choose other suppliers from time to time. Rob's decisions take the form of a modified rebuy. 106) _____
- 107) The buying centre is not a fixed or formally identified unit within an organization. 107) _____
- 108) Nancy Zahm works for LeBray Beverage Company. She often helps to define product specifications and also provides information for evaluating alternatives. In this role she is acting as a gatekeeper. 108) _____
- 109) The decider is the person in the business buying process who controls the flow of information to others involved. 109) _____
- 110) In business buying decisions, the role of emotion is negligible in comparison to the role of reason. 110) _____
- 111) Environmental, organizational, interpersonal, and individual factors all influence business buyer behaviour. 111) _____
- 112) A proper Frenchman likes instant familiarity and refers to strangers by their first names. 112) _____
- 113) Buying centre participants with the highest rank always have the most influence. 113) _____
- 114) Buyers have different buying styles influenced by interpersonal factors such as age, income, education, professional identification, and attitudes toward risk. 114) _____
- 115) A statement prepared by a business buyer describing the quantity and general characteristics of the items needed is a product specification description. 115) _____
- 116) In the product specification stage of the business buying process, the buyer ranks the importance of reliability, price, and other desired product characteristics. 116) _____
- 117) According to the stages of the business buying process, after completing a general need description, a business buyer should next invite qualified suppliers to submit proposals. 117) _____
- 118) Proposals should be marketing documents and not just technical documents. 118) _____
- 119) Suppliers are more likely to stay price competitive when the purchasing company uses single sourcing than when it uses multiple sourcing. 119) _____
- 120) When conducting a performance review, the seller monitors different factors than those monitored by the buyer to make sure that the seller is giving the expected satisfaction. 120) _____
- 121) A customer relationship might involve many different types of purchases ongoing at a given time, all in different stages of the buying process. 121) _____
- 122) Online purchasing is standard procedure for most companies today. 122) _____

- 123) E-procurement typically reduces drudgery and paperwork, thereby freeing purchasing personnel to focus on more strategic issues. 123) _____
- 124) The benefits of e-procurement include access to new suppliers, lower purchasing costs, and more time-efficient order processing and delivery. 124) _____
- 125) Unfortunately, most governments do not provide would-be suppliers with detailed guides describing how to sell to the government. 125) _____
- 126) It is rare that noneconomic factors play a role in government buying. 126) _____

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

- 127) Explain how the decision process in the business market and consumer market differs.
- 128) Describe the three major types of business buying situations and what differentiates each from the other two.
- 129) Explain the advantages of systems selling.
- 130) Describe the typical roles played by the various members of a buying centre.
- 131) Provide a brief explanation of the major influences on business buyers.
- 132) What is the buying centre concept? Explain why this concept presents a major marketing challenge.
- 133) Describe the eight steps in the business buying process.
- 134) Briefly describe the major advantages of business-to-business marketing on the Internet.
- 135) What are the major characteristics of institutional markets?
- 136) Explain how many institutional markets, such as hospitals, are characterized by low budgets and captive patrons.
- 137) What are the major characteristics of government markets?

SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

- 138) Which is larger; the business market or the consumer market? 138) _____
- 139) Explain the concept of derived demand, giving an example of a product that has derived demand. 139) _____
- 140) Why is demand in the business market mostly inelastic? 140) _____
- 141) How is the business buying process more formalized than the consumer buying process? 141) _____
- 142) How have relationships between customers and suppliers changed in recent years? 142) _____

- 143) In what type of purchase would one person most likely assume all buying centre roles? 143) _____
- 144) Why is the new-task buying situation both a great opportunity and a challenge for a marketer? 144) _____
- 145) Although a company has purchased printers and copiers before, Xerox now offers the firm a multitasking machine that prints, copies, scans, and faxes. Explain what type of buying situation this is. 145) _____
- 146) Explain the buyer centre role of the influencer. 146) _____
- 147) Which roles in the buying centre are likely to change with different purchases? 147) _____
- 148) Why must a business marketer learn who participates in the decision-making process, each participant's relative influence, and what evaluation criteria each decision participant uses. 148) _____
- 149) Why would it be a mistake for a marketer to assume that the major influences on business purchases are economic? 149) _____
- 150) When are business buyers most likely to make decisions heavily influenced by personal factors? 150) _____
- 151) Why is it difficult to assess interpersonal factors that influence the business buying process? 151) _____
- 152) How can marketers influence business buyers who are in the problem recognition stage? 152) _____
- 153) What information is a buyer likely to include in the general need description? 153) _____
- 154) Describe two advantages of using multiple source contracts. 154) _____
- 155) Magna is the most diversified automotive supplier in the world. How does Magna work closely with its customers throughout their buying process? 155) _____
- 156) What are some of the advantages of selling to the Canadian federal government? 156) _____
- 157) What type of noneconomic criteria impact government buying? 157) _____

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

Refer to the scenario below to answer the following questions.

A-1 Stampings, Inc., produces 14 metal stampings for the automotive industry. Due to industry design changes, for the next model year, six of those stampings will require a slight change: two will have an extra hole punched through the side, two will require an extra plating process, and two will require an additional weld operation.

In the meantime, the purchasing agent Richard Koehl has been asked to reduce the number of A-1's steel suppliers in an effort to cut costs. After obtaining updated price quotations and steel samples from his current suppliers, Richard faced a dilemma. Until now, he had selected his suppliers based on quality and price, but a major consideration had been the type of steel required and the specialized production processes of his respective suppliers. Not all of A-1's suppliers could produce the exact grades of steel needed; some suppliers were better at producing certain types of steel than others.

Richard contacted several employees at A-1 who had worked with the various types of steel in the past. The quality control manager and line inspector, for example, could help to determine which suppliers had the capabilities of producing specific types of steel. The production control manager could provide input regarding which types of steel worked best in which presses. Even the warehouse foreman gave input regarding how long various types of steel could be held in inventory before rust spots began to form on their surfaces. Each person contributed the necessary information to help Richard in making his decision.

- 158) The demand for A-1 Stampings' products is ultimately based on the demand for new automobiles in the consumer market. This is an example of _____ demand. 158) _____
- A) inelastic
 - B) static
 - C) increasing
 - D) independent
 - E) derived
- 159) In this scenario, which of the following had the greatest influence on the business buying behaviour at A-1 Stampings? 159) _____
- A) organizational structure
 - B) regulatory developments
 - C) shifting authority
 - D) technological changes
 - E) individuals' risk attitudes
- 160) The management directive to reduce the number of steel suppliers is most accurately classified as which type of influence affecting business buying behaviour? 160) _____
- A) organizational
 - B) environmental
 - C) individual
 - D) commercial
 - E) interpersonal
- 161) At what stage in the buying process was Richard when he sought input from others in the firm? 161) _____
- A) proposal solicitation
 - B) general need description
 - C) supplier selection
 - D) order-routine specification
 - E) supplier search

- 162) Because of industry design changes, A-1 Stampings, Inc. must modify product specifications, prices, terms, and, perhaps, suppliers. This represents which type of buying situation? 162) _____
- A) redesign situation
 - B) modified rebuy
 - C) new task situation
 - D) straight rebuy
 - E) complex buying
- 163) If A-1 Stampings, Inc. were to order as always from its existing supplier this would be a _____ situation. 163) _____
- A) redesign
 - B) new task
 - C) modified rebuy
 - D) straight rebuy
 - E) complex buying
- 164) A-1 Stampings, Inc. could diversify and create other products, requiring new products and services from suppliers. This would represent which type of buying situation? 164) _____
- A) redesign situation
 - B) straight rebuy
 - C) new task situation
 - D) complex buying
 - E) modified rebuy
- 165) The quality control manager and line inspector at A-1 could help to determine which suppliers had the capabilities of producing specific types of steel. What role can each play in the purchase decision process? 165) _____
- A) decider
 - B) influencer
 - C) gatekeeper
 - D) buyer
 - E) user
- 166) Richard Koehl is the purchasing agent at A-1 Stampings, Inc. What role will he play in the purchase decision process? 166) _____
- A) user
 - B) gatekeeper
 - C) decider
 - D) buyer
 - E) influencer
- 167) Due to _____ factors, Richard Koehl is now more willing to buy and hold larger inventories of scarce materials to ensure adequate supply. 167) _____
- A) organizational
 - B) political
 - C) competitive
 - D) technological
 - E) environmental

Answer Key

Testname: UNTITLED7

- 1) B
- 2) E
- 3) E
- 4) A
- 5) A
- 6) C
- 7) A
- 8) C
- 9) A
- 10) A
- 11) A
- 12) B
- 13) B
- 14) C
- 15) E
- 16) B
- 17) A
- 18) D
- 19) D
- 20) A
- 21) B
- 22) C
- 23) B
- 24) C
- 25) D
- 26) E
- 27) D
- 28) D
- 29) E
- 30) B
- 31) D
- 32) D
- 33) C
- 34) A
- 35) E
- 36) A
- 37) A
- 38) E
- 39) C
- 40) D
- 41) D
- 42) A
- 43) C
- 44) B
- 45) B
- 46) C
- 47) B
- 48) E
- 49) D
- 50) B

Answer Key

Testname: UNTITLED7

- 51) B
- 52) A
- 53) D
- 54) A
- 55) C
- 56) D
- 57) A
- 58) A
- 59) E
- 60) A
- 61) A
- 62) C
- 63) E
- 64) E
- 65) D
- 66) E
- 67) A
- 68) E
- 69) E
- 70) C
- 71) B
- 72) E
- 73) E
- 74) B
- 75) A
- 76) D
- 77) B
- 78) E
- 79) D
- 80) A
- 81) C
- 82) E
- 83) E
- 84) C
- 85) B
- 86) E
- 87) A
- 88) D
- 89) A
- 90) E
- 91) A
- 92) B
- 93) B
- 94) B
- 95) B
- 96) A
- 97) TRUE
- 98) FALSE
- 99) TRUE
- 100) FALSE

Answer Key

Testname: UNTITLED7

- 101) TRUE
- 102) TRUE
- 103) TRUE
- 104) FALSE
- 105) FALSE
- 106) FALSE
- 107) TRUE
- 108) FALSE
- 109) FALSE
- 110) FALSE
- 111) TRUE
- 112) FALSE
- 113) FALSE
- 114) FALSE
- 115) FALSE
- 116) FALSE
- 117) FALSE
- 118) TRUE
- 119) FALSE
- 120) FALSE
- 121) TRUE
- 122) TRUE
- 123) TRUE
- 124) TRUE
- 125) FALSE
- 126) FALSE
- 127) Business buyers usually face more complex buying decisions than do consumer buyers, as business purchases more often involve large sums of money, complex technical and economic considerations, and interactions among many people at many levels of the buyer's organization. Because the purchases are more complex, business buyers may take longer to make their decisions and are likely to use a more formalized buying process. In the business buying process, the buyer and seller are often much more dependent on each other.
- 128) A straight rebuy is a fairly routine decision in which the buyer reorders without any modifications from existing suppliers. In a modified rebuy, the buyer wants to modify product specifications, prices, terms, or suppliers and usually involves more decision participants. A company buying a product or service for the first time faces a new task situation. It is the marketer's greatest opportunity and challenge because of the additional risk or cost, the larger number of decision participants, and the greater effort required to collect all of the needed information.
- 129) Many business buyers prefer to buy a packaged solution to problem from a single seller instead of buying separate products and services from different sellers and then integrating them. The sale often goes to the firm that provides the most complete system that meets the customer's needs. Systems selling, also called solutions selling, is a key business marketing strategy for winning and holding accounts, as it fosters an interdependent relationship between the seller and buyer.
- 130) The buying centre includes all members of the organization who play any of five roles in the purchase process: user, influencer, buyer, decider, and gatekeeper. Users physically use the product or service. Influencers often help define the specifications and also provide information for evaluating alternatives. Buyers have formal authority to select the supplier and arrange terms of purchase. They may help shape product specifications, but their major role is in selecting vendors and negotiation. Deciders have formal or informal power to select or approve the final suppliers and products. Gatekeepers control the flow of information to others. Different employees may undertake these roles depending on the nature of the purchase.

Answer Key

Testname: UNTITLED7

- 131) Both economic and personal factors play a part in buying decisions. The environmental influences of the level of primary demand, the economic outlook, and the cost of money all make their way into the decision. Each organization has its own objectives, policies, procedures, structure, and systems to learn. All of these may affect the purchasing decision. Further, interpersonal factors carry weight; however, it is often difficult to assess such factors and group dynamics. These factors are often subtle, and some participants are invisible to the marketer. Participants bring in individual influencing factors such as personal motives, perceptions, and preferences.
- 132) The buying centre is the decision-making unit of a buying organization. The buying centre is composed of all the individuals and units that play a role in the business purchase decision-making process, including the actual users of the product or service, those who make the buying decision, those who influence the buying decision, those who do the actual buying, and those who control buying information. The buying centre is not a fixed and formally identified unit within the buying organization. Instead, it is a set of buying roles assumed by different people for different purchases. Within the organization, the size and makeup of the buying centre varies for different products and buying situations. The variable nature of the buying centre makes it a major marketing challenge. The business marketer must learn who participates in each decision, each participant's relative influence, and what evaluation criteria each decision participant uses.
- 133) The steps are problem recognition, general need description, product specification, supplier search, proposal solicitation, supplier selection, order-routine specification, and performance review. Problem recognition is the step during which someone recognizes a problem or need caused by internal/external stimuli that can be met by acquiring a specific product or service. A general need description describes the quantity and characteristics of the needed item. Product specification follows to allow purchasing of the correct items with the highest value. A supplier search finds the best vendors. The suppliers are asked to submit proposals. After selecting the supplier or suppliers, the buyer prepares an order-routine specification. After the purchase, the buyer will conduct a performance review to analyze future relationships.
- 134) E-procurement gives buyers access to new suppliers, lowers purchasing costs, and hastens order processing and delivery. In turn, business marketers can connect with customers online to share marketing information, sell products and services, provide customer support services, and maintain ongoing customer relationships. E-procurement frees purchasing people to focus on more strategic issues such as value-added activities, finding different sources, and working with suppliers to reduce costs and develop new products.
- 135) The institutional market is made up of schools, hospitals, prisons, and other institutions that provide goods and services to people in their care. These markets are characterized by low budgets and captive patrons. For many institutions, the buying objective will not strictly be profit maximization or cost minimization; instead, the institution is likely to search for vendors that meet or exceed a certain minimum standard while also offering low prices.
- 136) In a hospital institution patients have little choice but to eat whatever food the hospital supplies. A hospital purchasing agent has to decide on the quality of food to buy for patients. Because the food is provided as part of a total service package, the buying objective is not profit. Nor is strict cost minimization the goal—patients receiving poor-quality food will complain to others and damage the hospital's reputation. Thus, the hospital purchasing agent must search for institutional-food vendors whose quality meets or exceeds a certain minimum standard and whose prices are low.
- 137) Government markets offer large opportunities for companies. Although they also buy on a negotiated contract basis, government organizations typically require suppliers to submit bids, and normally they award the contract to the lowest bidder. The process is highly structured and famous for "red tape." In addition to the bid amount, noneconomic criteria also play a role in government buying. Government buyers often favour firms from depressed business areas, small business firms, minority-owned firms, and business firms that avoid race, gender, or age discrimination.
- 138) The business market is *huge*. In fact, business markets involve far more dollars and items than do consumer markets.
- 139) Derived demand is created when demand increases due to consumers' increasing demand for some other product either made with or dependent upon the product in question. Examples will vary.
- 140) The demand in business-to-business markets is mostly inelastic because what is being sold is often just one of the many parts or materials that go into producing the consumer product. It is not unusual for a large increase in a business product's price to have little effect on the final consumer product's price.

Answer Key

Testname: UNTITLED7

- 141) Business purchases usually call for product specification, written purchase orders, and supplier searches.
- 142) Customers and suppliers have had adversarial relationships in the past, but because they are dependent on each other, they have begun to act more as partners; many customer companies now practice supplier development, systematically developing networks of supplier-partners to ensure an appropriate and dependable supply of products and materials.
- 143) One person will likely play all roles in purchasing routine products and services, or a straight rebuy.
- 144) In the new-task buying situation, decision participants put forth substantial effort to collect information and so are positioned to be influenced by a marketer's message; these situations are likely to be competitive, as other marketers also want to establish a relationship with the buyer.
- 145) This is a modified rebuy. The firm has already purchased similar machinery, but this purchase now involves a modified machine.
- 146) An influencer often helps define specifications and provide information for evaluating alternatives.
- 147) Although any of the roles may change from purchase to purchase, the roles of users and influencers are the most likely to change with each type of purchase a business makes.
- 148) The buying centre usually includes some obvious participants who are involved formally in the buying decision. It may also involve less obvious, informal participants, some of whom may actually make or strongly affect the buying decision. Sometimes even the people in the buying centre are not aware of all the buying participants. Many business buying decisions result from the complex interactions of ever-changing buying centre participants.
- 149) Business buyers are subject to many influences when they make their buying decisions.
It would be wrong to think buyers will favour the supplier who offers the lowest price or the best product or the most service, and to concentrate on offering strong economic benefits to buyers. Business buyers actually respond to both economic and personal factors.
- 150) If suppliers' offers are very similar, there is little basis for a rational, objective choice; in these situations, buyers are more likely to allow emotions and other personal factors to influence their decision.
- 151) Interpersonal factors—such as who is liked, who controls rewards and punishments, and who has special relationships with other important participants—are subtle and not obvious to the external observer.
- 152) Through advertising, business marketers can make buyers aware of and concerned about potential problems and then offer their products as solutions to the newly recognized problem.
- 153) This element describes the general characteristics and quantity of the needed item.
- 154) With multiple source contracts, a buyer avoids being totally dependent on one supplier and can conduct comparisons of prices and performance of several suppliers over time.
- 155) Magna designs, develops, and manufactures automotive systems, assemblies, modules, and components, and it engineers and even assembles complete vehicles for manufacturers of cars and light trucks around the world.
- 156) Government represents one of the largest markets in Canada, and 80 percent of federal contracts are tendered outside of Ottawa. Furthermore, the government is a good credit risk, and when exporting it is a useful marketing tool to list the government as a customer. Finally, information about bidding opportunities in the federal government is widely available online through the electronic tendering system MERX.
- 157) Government buyers are asked to favour depressed business areas, small business firms, minority-owned firms, and business firms that avoid race, gender, or age discrimination.
- 158) E
- 159) D
- 160) A
- 161) C
- 162) B
- 163) D
- 164) C
- 165) B
- 166) D

Answer Key

Testname: UNTITLED7

167) E