

Name: _____

ADMI 202 ec

Number: _____

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Midterm

26 Feb., 2008

There are x pages to this test.

You have exactly **60 minutes**.

For this test you need:

- a PEN
- a calculator

You may also have:

- your book
- notes

You may **NOT** have:

- a cellphone
- any other device capable of communicating with others

WRITE ONLY IN THE SPACE PROVIDED FOR EACH QUESTION. If you need more space, it is because your answer is wordy or scattered. Be focused.

You will get no points for anything outside the space provided for each question.

Mark:

Pages 2 - x _____ / 80

Multiple Choice & True False (1.25 points each)

Page x - x _____ / 20

Short Answer (varying points as shown)

TOTAL _____

8) Profit is:

- a. The income received from normal business activities
- b. A company's total revenues
- c. What remains after expenses are subtracted from sales revenues
- d. A company's income before interest and tax deductions

Answer: c

9) What kind of business activity is a grocery store engaged in when it sells meat to a homemaker?

- a. industrial marketing
- b. consumer marketing
- c. product differentiation
- d. market planning
- e. disaggregate marketing

Answer: B

10) True or False: Many businesses use quality improvement teams to improve both their own work methods and the products they make.

T

F

Answer: True

11) Miranda was visiting San Francisco. When she arrived at Fisherman's Wharf, she decided to purchase a souvenir T-shirt for her boyfriend back home. Since there are about 40 T-shirt retailers in that area, Miranda spent the rest of the day searching for the shirt that would convey just the right meaning to her boyfriend.

For Miranda, the shirt was a(n) _____ good.

- a. shopping
- b. accessory
- c. convenience
- d. specialty
- e. industrial

Answer: A

12) Price skimming involves:

- a. taking advantage of the fact that consumers do not always respond rationally to stated prices.
- b. setting an initial high price to cover new product costs and generating a profit.
- c. setting a limited number of prices for certain categories of products.
- d. setting prices in uneven dollar amounts.
- e. setting an initial low price to establish a new product in the market.

Answer: B

13) _____ motivate individuals to start a business and _____ motivates them to operate those businesses efficiently.

- a. Profits , the government
- b. Profits , competition
- c. Customer demands , competition
- d. Customer demands , the government

Answer: b

14) One of the results of adopting the marketing concept is that the firm:

- a. spends more money on marketing
- b. becomes much more profit oriented
- c. spends more time determining what customers want
- d. hires more top leaders for research and development
- e. develops a strong production orientation

Answer: C

15) True or False: Employee recognition is the principle that all employees are valuable contributors to a business and should be entrusted with certain decisions regarding their work.

T

F

Answer: False

16) Which of the following provides regulations to ensure that any individual who wishes to obtain employment has an equal opportunity to compete for it?

- a. The Canadian Freedom Act
- b. The Quebec Equal Employment Opportunity Act
- c. The Canadian Human Rights Act
- d. The Quebec Charter of Human Rights and Freedoms

Answer: c

17) Shiras watch depot prices all watches at \$150. The variable cost per watch is \$70 and the fixed costs are \$55,000. What is Shiras' break-even point in units?

- a. 453.75
- b. 806.25
- c. 300.00
- d. 702.00
- e. 687.50

Answer: E

18) Which term is used to identify industrial products consisting of permanent goods and services?

- a. enduring items
- b. capital items
- c. product mix
- d. product line
- e. industrial expense items

Answer: B

19) Psychological pricing involves:

- a. setting an initial high price to cover new product costs and generating a profit.
- b. setting an initial low price to establish a new product in the market.
- c. setting prices in uneven dollar amounts.
- d. setting a limited number of prices for certain categories of products.
- e. taking advantage of the fact that consumers do not always respond rationally to stated prices.

Answer: E

20) In terms of a partnership, which of the following is false:

- a. Partnerships are regarded as legal entities
- b. Partnerships are often an extension of a business that began as a sole proprietorship
- c. General partners are jointly responsible for the obligations of the business
- d. A partnership is frequently used by professionals like accountants and lawyers

Answer: a

21) How does the product life cycle mesh with the product development process?

- a. commercialization indicates that the product has become a "star"
- b. product commercialization is the start of the introduction stage of the life cycle
- c. prototype development is the start of the introduction stage of a life cycle
- d. the two do not mesh
- e. product testing and test marketing take place during the growth stage of the life cycle

Answer: B

22) True or False: Many businesses use quality improvement teams to improve both their own work methods and the products they make.

T

F

Answer: True

23) Marketing of insurance, airlines, investment counsellors, and health clinics are examples of _____

- a. consumer marketing
- b. relationship marketing
- c. industrial marketing
- d. idea marketing
- e. service marketing

Answer: E

24) The following are all characteristics of the sales era except:

- a. There was a huge increase in the amount of goods and services for sale
- b. Buyers had more choices and producers faced greater competition in selling their wares
- c. A business's profits and success depended on hiring the right salespeople, advertising heavily and making sure products were readily available
- d. Business firms were focused on producing what customers demanded

Answer d (page 27)

25) Dumping is:

- a. setting a limited number of prices for certain categories of products.
- b. setting an initial low price to establish a new product in the market.
- c. setting an initial high price to cover new product costs and generating a profit.
- d. pricing a product at a lower price in a foreign market than in its home market.
- e. setting prices in uneven dollar amounts.

Answer: D

26) Which characteristic is false regarding knowledge workers:

- a. They identify with the firm rather than their profession
- b. They prefer to work independently

- c. They are experts in specific fields such as technology, engineering or science
- d. They may have higher salaries than managers

Answer: a

27) When Lava soap advertises that it is a great product for dirty, grimy, manly hands, it is attempting to fulfill which promotional objective?

- a. eliminate competition
- b. controlling sales volume
- c. product positioning
- d. remind you about the product
- e. communicate information

Answer: C

28) The consistency of product quality from one finished product to the next is:

- a. Quality reliability
- b. Quality circles
- c. Quality control
- d. Quality ownership

Answer: a

29) When is market research used most frequently?

- a. when the promotional campaign is first under way
- b. when determining the reason for a product's failure
- c. when the product is fully stocked in each of the distribution centers
- d. when a new or altered product is being considered
- e. when a product is out of stock

Answer: D

30) A differentiated brand can provide the firm with some control over pricing in which type of competition:

- a. Pure competition
- b. Monopolistic competition
- c. Oligopoly
- d. Monopoly

Answer: b (Slide 21)

31) In the production of wheat, the law of demand:

- a. reflects the farmer's desire to increase wheat production
- b. states that buyers will purchase more wheat as the price decreases
- c. reflects the farmer's desire to offer more wheat as demand increases
- d. refers to the exchange process between the farmer and the buyer of wheat
- e. occurs when farmers produce a bumper crop of wheat

Answer: B

32) Within a firm, the sum of all activities involved in getting high-quality products into the marketplace is called

- a. Quality control
- b. Total quality management
- c. Performance quality
- d. Quality ownership

Answer: b

33) Which of the following is not one of the groups that falls within the Employment Equity Act?

- a. Aboriginal people
- b. People with disabilities
- c. Elderly
- d. Women

Answer: c

34) Which of the following modes of transportation is used primarily to transport heavy, bulky items such as cars, steel and coal?

- a. pipeline
- b. water
- c. railroads
- d. air
- e. trucks

Answer: C

35) In the selling of nails, _____ is likely to be of little consequence, but in the selling of toys, it is likely to be crucial.

- a. place
- b. price
- c. promotion
- d. product
- e. profit

Answer: C

36) The most negative aspect of publicity is that:

- a. It is viewed as being biased
- b. it is not believable to many people
- c. it is expensive
- d. it is not that important
- e. it is not controllable by the company

Answer: E

37) A gas station offering a free car wash with a fill-up is an example of

- a. premiums
- b. sales promotion
- c. public relations
- d. publicity
- e. Advertising

Answer: B

38) Which of the following is NOT a characteristic of perfect competition?

- a. Products from different firms are easily differentiated from one another.
- b. Many firms in the industry.
- c. Great similarity among products offered by different firms.
- d. Easy entry into the industry.

e. Firms are small.

Answer: A

39) Which of the following is not a management tactic in collective bargaining?

- a. Plant closures
- b. Slowdown
- c. Lockout
- d. Hiring scabs

Answer: b

40) Which of the following is false regarding productivity and quality as competitive tools:

- a. Firms should invest in technology and innovation when it will reduce the costs of input and/or increase output
- b. Research must be performed to determine how customers rate product quality
- c. Firms must be willing to invest in research to determine what customers really need
- d. Either a short-run or long-run perspective can be adopted to improve products and processes

Answer: d

41) "Birdyback" and "Piggyback" are examples of:

- a. freight forwarding.
- b. containerization.
- c. common carriers.
- d. unitization.
- e. intermodal transportation.

Answer: e

42) Driving down the road in your new Chevrolet, you notice that a new Ford has stopped beside the road and has its blinkers on. You smile but decide to stop anyway to help out. You are in the _____ stage.

- a. purchase decision
- b. problem recognition
- c. information seeking
- d. evaluation of alternatives
- e. post-purchase evaluation

Answer: E

43) Able Manufacturing is very good at making kitchen utensils. However, it wants to ensure that its products will always be profitable. What should it do?

- a. try charging a lot of money for its products in the hope that it will result in snob appeal
- b. lower the costs of production so the products are always profitable
- c. determine customer needs and focus its product lines to fill those needs
- d. hire the finest sales representatives to sell what it makes
- e. change its product lines to fit what its management thinks customers want

Answer: c

44) In terms of a partnership, which of the following is false:

- a. Partnerships are regarded as legal entities

- b. Partnerships are often an extension of a business that began as a sole proprietorship
- c. General partners are jointly responsible for the obligations of the business
- d. A partnership is frequently used by professionals like accountants and lawyers

Answer: a

45) True or False: Benchmarking compares the quality of a firm's output with the quality of the output of the industry's leaders.

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F

Answer: True

46) Which of the following is true about Total Quality Management:

- a. Leadership and product focus are key
- b. Managers are responsible for maintaining quality standards
- c. It includes all activities and parts of the business
- d. It begins with establishing specific quality standards and measurements

Answer: c

47) After checking out the prices of the new cars, Susie has elected to buy a used car. She is in the _____ stage.

- a. post-purchase evaluation
- b. purchase decision
- c. problem recognition
- d. evaluation of alternatives
- e. information seeking

Answer: B

48) True or False: Cheque kiting is essentially the same as post-dating a cheque.

T

F

Answer: False

49) Jim Bradley represents several producers and is paid a commission based on invoice values. Which of the following types of intermediaries is Jim?

- a. collective agent-distribution
- b. sales office
- c. sales branch
- d. agent/broker
- e. merchant wholesaler

Answer: d

50) In which selling situation is the buyer expected to take longer to arrive at a purchase decision?

- a. missionary selling
- b. creative selling
- c. order processing
- d. industrial selling
- e. direct mail

Answer: D

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51) This communications vehicle is highly segmented, allows for excellent visual communication, is long-lived, but requires a long lead-time.

- a. newspaper
- b. direct mail
- c. outdoor
- d. television
- e. magazines

Answer: E

52)Automobiles, color TVs, and DVD players are in the _____ stage of their product life cycle. 5

- a. Development
- b. maturity
- c. growth
- d. introduction
- e. decline

Answer: b

53)_____ is the creation of a product or product image that differs enough from existing products to attract consumers.

- a. Product differentiation
- b. Product modification
- c. New product development
- d. Product promotion
- e. Advertising

Answer: A

54) Which of the following is false with respect to a corporate board of directors?

- a. Responsible for appointing management, setting policies and making major decisions
- b. It is the governing body of a corporation
- c. It is responsible for the interests of shareholders
- d. Directors cannot be employees of the company

Answer: d

55) Which of the following is false regarding health and safety programs ?

- a. The Canadian government is responsible to set the regulations for all provinces
- b. They reduce absenteeism and labour turnover
- c. They increase productivity and morale
- d. They make the workplace safer and healthier

Answer: a

56) Direct-response retailing includes all of the following except:

- a. telemarketing
- b. publicity
- c. mail marketing
- d. direct selling
- e. mail order

Answer: b

57) When Reader's Digest identified and classified its readers into young-adults, computer owners, and professionals/managers it was performing:

- a. potential customer categorizing
- b. prospect identification
- c. homogeneous segmenting
- d. customer identification
- e. market segmentation

Answer: E

58) A(n) _____ is the path that a product follows from producer to end user.

- a. distribution channel
- b. intermediary channel
- c. flow of goods network
- d. distribution mix
- e. intermediary flow chart

Answer: A

59) A wholesaler is:

- a. an intermediary who sells products directly to consumers.
- b. an individual or firm that helps to distribute a product.
- c. an intermediary who sells products to other businesses for resale to final consumers.
- d. a network of independent companies through which a product passes from producer to end-user.
- e. the combination of distribution channels by which a firm gets its products to end-users.

Answer: C

60) During which of the following business eras was the labour movement born?

- a. Entrepreneurial Era
- b. Marketing Era
- c. Production Era
- d. Global Era
- e. Industrial Revolution

Answer: e

61) Mary's male coworkers routinely make off-color jokes and display calendars of scantily clad women. This is an example of _____ harassment.

- a. affirmative action
- b. employment-at-will
- c. reverse
- d. hostile work environment
- e. quid pro quo

answer: d

62) Consumerism is:

Name: _____

Number: _____

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- a. the right to safe products
- b. the right to be informed about all aspects of a product
- c. the group of laws dealing with retail commercial transactions
- d. a social movement that seeks to protect and expand the rights of consumers in their dealings with businesses
- e. the right to choose the product

answer: d

63) Tax laws permit _____ to treat the sales revenues and operating expenses of the business as part of their personal finances.

- a. either publicly-held or privately-traded corporations
- b. privately-held corporations
- c. joint ventures
- d. sole proprietor
- e. publicly-held corporations

answer: d

64) A major disadvantage of the sole proprietorship is the:

- a. lack of freedom in making business decisions
- b. high start-up costs
- c. difficulty in beginning business activities
- d. unlimited liability
- e. ability to grow by adding talent

answer: d

Short Answer Questions (Point format encouraged)

65) (6 points) Explain four different actions that unions will eventually take if their demands are not met.

66) (4 points) Identify and briefly explain the two most common pricing objectives.

67) (5 points) Briefly explain what a target market is.

Name: _____

Number: _____

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68) (5 points) What is a Shotgun Clause ? When is it used ?

Name: _____

Number: _____