

FINAL EXAM QUESTIONS

CHAPTER 6

1. Can social media help or hurt retailers?
2. What implications are created by people staying single longer & having less kids?

CHAPTER 8

1. How do you choose a target market? (*maybe based on competition; what they do, what we do*)
2. What info would benefit you in making a better target market selection?
→ Company objectives (to skim or penetrate the market); Company traditional target markets & current marketing mix; Level of company resources (\$); Core competitive advantages (ex: patents, technological advantages, etc); Current size & expected growth of each segment.
3. Using “More for \$More”; “More for Less\$” etc. Describe: WestJet, Costco, iPhone 5S, iPad

CHAPTER 9

1. Marketing is marketing. It makes no difference whether we are talking about the marketing of goods or the marketing of services – marketing is the same for both! Comment.
2. The value that a product delivers to the customer extends way beyond the product itself. Comment.
3. The brand is more important than the product. Comment.
4. The Brand is much more important than the ‘product’ itself. Comment.
5. What is Brand equity?
6. Contrast co-branding with licensing.
7. What is the diff between convenience and specialty ?

CHAPTER 10

1. Why do new products fail? (4Ps, target market)
→ Overestimated market
→ Poor design
→ Incorrect positioning
→ Error in pricing
→ Poor marketing communication
→ Production-orientation
→ Cost overrun
→ Competition
2. The Marketing Strategy phase of a new product development process has just been completed. The VP of Marketing should now instruct the Brand Manager to go to the concept development & testing phase. Comment
3. What is the most important of promotion in the INTRO phase & what’s the 2nd most?
Answer: #1 = personal selling & #2= sales promotion (1 case for free if you buy 10, special cash discount = trade promo)

4. **What is the most important of promotion in the GROWTH phase & what's the 2nd most?**
Answer: #1 = advertising (mass media) & #2 = sales promo (called consumer promo because it goes direct to consumer's house = coupons in mail, discounts etc)
5. **In INTRO stage, what is price of my product?**
Answer: High-ish price because spent a lot of on R&D, want to pay it off + no competition, sales are currently low (no efficiency from my machines)
6. **What happens to price in GROWTH stage?**
 - Less R&D (terms of costs)
 - Machines running more efficiently (mass production techniques)
 - More direct competition (imitators, forcing you to behave and match prices) so it makes your prices drop
7. **Why are profits nil, low or negative in the INTRO stage?**
 - High learning curve in production (debugging causes delays in expanding product capacity)
 - High initial investment in equipment
 - High promotion costs to stimulate primary demand (customer inertia to change established behaviour patterns)
 - Delays in obtaining adequate distribution

CHAPTER 11

1. **What are some of the factors affecting pricing decisions?**
Answer: → Internal (Marketing objectives, Marketing mix strategies, Costs, Organizational considerations) & → External (Nature of the market & demand, Competition, Other environmental factors like economy, resellers, government)
2. **Why do markups (or profits) get larger as we move closer to the consumer?**
 (Hint: think about ratio of fixed cost / sales levels)
Answer: Producer's building is old, ugly, in the middle of nowhere; producer sells to 5 wholesalers (sells 1000 shirts to them). Wholesaler's building old, ugly, middle of nowhere (selling 100 to retailers). Retailer will sell like 1-2 shirts per person, & if there is credit card theft or stealing, you'll notice because building is downtown with 4 salespeople. If you look at all 3 sales divided by costs, and knowing that producer and wholesaler pay cheap rent in middle of nowhere and you pay expensive rent downtown, and since your sale volumes are lower than other 2, your price of shirts must compensate for those costs, so higher costs when you sell
EXAMPLE: Manufacturer's cost is \$16/shirt. He wants 20% markup on sales so he sells at \$20 (so \$4 profit). The dealer will further markup the profit. He wants 50% markup on sales so he sells at \$20 (so \$20 profit). Manufacturer's costs are lower because of large volumes of production (costs are spread on a bigger # of units) whereas the retailer sells less items so needs bigger profit/unit.
3. **Types of psychological pricing?**
 - Prestige pricing: high price to lend status & image (Cadillac)
 - Loss leader pricing (only 1/person, limited quantities, min. \$50 purchase)
 - Bait pricing (bait into store illegally, item doesn't exist or out of stock)
 - Odd - even pricing (\$1.99 vrs \$2.00) (Buick Regal example)

- Price lining: store sells items at 3 prices at 3 different departments to capture 3 different psychographic clients (\$20-\$30-\$40 neck tie)
- Demand backward pricing: working backwards.
- Bundle pricing (Fido cell phone package; get phone free with 3-year plan)
- 4. **In target costing pricing, marketers first design the product, then calculate its cost, and then determine the price. Comment**
- 5. **When setting prices, product costs are, by far, the most important factor affecting the company's decision. All other factors are secondary. Comment**
- 6. **What pricing strategy should be used internationally?**
 - Introduce new product into mature markets in highly developed countries with the goal of quickly gaining mass-market share → market penetration
 - Enter a less-developed market by targeting smaller, less price-sensitive segments → market skimming

CHAPTER 12

1. **Why use marketing intermediaries?**
Answer: Reduces the # of channel transactions.
2. **Why should members carry our new products or continue to carry our existing ones?**
Answer: → It pays them to = reward wholesaler (push) (ie 'Psychies')
→ Because clients insist on having the product = strong consumer attraction (pull) (*Nike, Apple*)
3. **What is the difference between vertical channel conflict & horizontal channel conflict?**
→ Vertical conflict = conflicts between diff levels of the same channel
→ Horizontal conflict = among firms at the same level of the channel (EX: Vancouver Ford dealers complain that other dealers in the city steal sales by pricing too low/by advertising outside their assigned territories)
4. **To cut costs, companies should try to eliminate as many intermediaries as possible. Comment**
5. **Intermediaries facilitate the exchange process by creating efficiencies and lowering costs. Comment**
6. **Intensive distribution is always preferable to selective or exclusive distribution. Any other choice will only result in reduced sales & profit for both the manufacturer and the distributor. Comment**

CHAPTER 14

1. **Describe the promotion mix.**
→ (Not Marketing mix! Not the 4Ps) Advertising, Personal selling, Direct marketing, Public relations, Sales promotion
2. **Understand these:** 1. Sales promotion moves product to the consumer, while Advertising moves consumer to the product. & 2. Advertising tends to build brand loyalty (→ repetition, repetition, repetition), while Sales promotion tends to destroy brand loyalty.
3. **What are the promotion objectives in Intro, Growth & Maturity stages?**
→ Intro = inform/educate/create brand awareness

- Growth = persuade/distinct advantages via product differentiation
- Maturity = remind/reinforce behaviour to try to create strong emotional buying motives
- 4. **Is it better to spend \$50,000 on an ad inside the back cover of Newsweek magazine or to hire another sales rep for \$50,000 ?**
Answer: First find what you're selling, then build the 4Ps around it.
- 5. **What are some of the factors affecting the Promotion mix?**
 - 1. Target audience for promotion (type of product/market)
EX: Industrial vs. Consumer/Commercial *BECAUSE*:
 - If selling industrial goods: most important is Personal Selling and then Sales Promo
 - If selling consumer goods: most important is Advertising and then Consumer/Sales promo
 - 2. Stage of P.L.C. (favorable trend in demand)
 - Intro : advertising & public relation to produce high awareness, and sales promo to promote early trial
 - Growth : advertising & public relations still influence, but sales promo is reduced
 - Maturity : sales promo become important again relative to advertising
 - Decline : advertising kept at a reminder level, public relations dropped, salespeople give the product only a little attention, sales promo might continue to be strong
 - 3. Characteristics of the product (hidden qualities of importance); complexity, risk, ancillary services; the higher the risk and complexity, the more one needs personal selling
 - 4. Buyer readiness stage (A.I.D.A.)
 - 5. Channel of distribution (push or pull) *BECAUSE*: most important of promotional mix for push is PERSONAL SELLING; for pull is ADVERTISING
- 6. **Describe 'buzz' marketing (p. 544)**
Answer: Cultivating opinion leaders & getting them to spread info about a product/service to others in their communities.
- 7. **Compare & Contrast 'Push & Pull' promotional strategies. Which promo tools are most effective in each?**
→ Most important of promotional mix for push is PERSONAL SELLING; for pull is ADVERTISING
- 8. **How much do we spend on promoting this product? What would be the best method?**
Answer: Choose from Affordable; Competitive-Parity; Percentage-of-Sales; Objective-and-Task
- 9. **Frito-Lay heavily uses trade promotions to increase sales. This shows that Frito-Lay is concentrating its efforts on a pull strategy. Comment**
- 10. **Of the five promotional tools available to companies, sales promotion is the most effective tool for building long-term brand image. Comment**
- 11. **The best way to develop a promotional budget is to use the 'competitive parity' method. Comment**

CHAPTER 15

1. **When would an advertiser use each of the advertising objectives?**
Answer: **Informative advertising** is used when introducing a new product category; the objective is to build primary demand

Comparative advertising directly or indirectly compares the brand with one or more other brands
Persuasive advertising is important with increased competition to build selective demand
Reminder advertising is important with mature products to help maintain customer relationships and keep customers thinking about the product

CHAPTER 16

1. **Most important step of the personal selling process?**
Answer: Follow-up; make customer feel good about what they bought, no cognitive dissonance
2. **The purchase decision is the final stage in the buyer decision process. It is also the single most important stage for marketers in terms of creating loyalty and repeat purchase behavior.**
Comment
3. **During a first meeting with a potential customer, an effective sales person should focus on price.**
Comment
4. **The impact (or effect) of advertising on sales is often easier to measure than the impact (or effect) on communications. Comment.**

CHAPTER 17

1. **This is the best form of marketing. Agree or disagree? (Referring to any of the 7 forms) p.568**
2. **While direct marketing offers a variety of advantages to sellers, there are no real benefits to buyers. Comment**
Benefits to buyers:
 - Convenient, easy, private; no need to battle traffic, find parking space and search products through stores; can browse Web anywhere & anytime
 - Gives access to a whole lot of products & info about companies, products, competitors
 - It's interactive, immediate & gives greater control to consumer (decide which catalogue/site)
3. **It is pointless to create a company website if it isn't focused on selling the company's products & services. Comment**
4. **On line marketing is always the best form of direct marketing. Comment**
5. **What purpose do blogs & user forums have for a firm selling to the consumer?**

CHAPTER 18

1. **What are the 3 Cs of marketing?**
Answer: Consumerism, Clean Up, Conservation
2. **What effect do 'category killers' like Starbucks & Walmart have on the little competitor?**

CHAPTER 19

1. **Factors to consider when entering international markets?**
Answer: Marketing objectives, Volume of foreign sales, How many countries, Types of countries to enter
2. **Why has Starbucks enjoyed success in China, when other major chains have failed? (see the article)**

3. **Deciding on a global marketing mix: standardized marketing mix or adapted marketing mix?**

Answer: Act global where possible, act local when you have no choice; Standardize where possible, adapt where necessary (GLOCAL)

4. **When it comes to international marketing, it is always best to adapt the marketing mix.**

Comment

5. **What factors should my firm consider when expanding overseas?**

6. **Direct Investment is the best method to expand overseas. Comment**