

AD212 – Fall 2001: Second Midterm Examination

Question Booklet

This test will last for 75 minutes. It is split into three sections. A total of 100 points are available. They are distributed as follows:

- Section A (multiple choice). Answer **all 30** questions. This section is worth 30 points.
- Section B (definitions). Answer **all 5** questions in the spaces provided in the answer booklet. This section is worth 30 points.
- Section C (short essays). Answer **any two of the four** questions provided. This section is worth 40 points.

Write your answers to each question in the designated space on the booklet provided.

This is a closed book test. Reference to notes or textbooks or conversation of any kind constitutes cheating and will be grounds for failure.

Section A: Multiple Choice Questions.

Answer all 30 of these questions. Each question is worth 1 point.

1. To produce a BMW sport-utility vehicle, an operations manager must engage in all of the following activities *except*
 - a. control of product quality.
 - b. control of production costs.
 - c. inventory management.
 - d. effective use of planning.
 - e. recruitment of human resources.
2. A group of design engineers for Ford Motor Company spends two months in the summer in the Arizona desert researching fuel performance at extreme temperatures. Ford uses the results of these tests to improve the quality of its automobiles. The group of engineers is engaging in
 - a. basic research.
 - b. horizon planning.
 - c. product design.
 - d. design planning.
 - e. applied research.

3. Technology that is characterized by high initial costs and low operating costs is termed
 - a. labor-intensive.
 - b. an industrial installation.
 - c. a process layout.
 - d. a quality circle.
 - e. capital-intensive.

4. Phil Johnson is the owner of a small firm that manufactures customized oil drilling equipment. The company's manufacturing facility is organized into a fabrication section, a heat treatment section, a welding section, and a quality control section. This type of plant layout is referred to as a(n) _____ layout.
 - a. pooled manufacturing
 - b. process
 - c. assembly line
 - d. group manufacturing
 - e. product

5. A computerized system that integrates production planning and inventory control is called
 - a. support inventory control.
 - b. just-in-time record keeping.
 - c. computerized inventory management.
 - d. inventory control management.
 - e. materials requirements planning.

6. Activities that increase employee satisfaction such as satisfaction surveys, employee communication programs, exit interviews, and fair treatment are all part of which phase of the human resources management process?
 - a. Benefits and compensation
 - b. Acquiring human resources
 - c. Job analysis
 - d. Developing human resources
 - e. Maintaining human resources

7. Employee compensation systems are generally developed and administered by _____, and pay increases and promotions are usually recommended by _____.
 - a. professional HR consultants; HRM staff personnel
 - b. HRM specialists; line managers
 - c. top management; unions
 - d. top management; HRM specialists
 - e. unions; line managers

8. Breakfast cereal maker General Mills periodically gives lump-sum payments to employees. The amount depends on job performance, with more productive employees receiving a larger sum than less productive employees. This motivational tool is
 - a. a violation of the concept of comparable worth.
 - b. called profit sharing.
 - c. acceptable under the employment-at-will clause of the Equal Pay Act.
 - d. called an incentive payment.
 - e. illegal under the Equal Pay Act.

9. Jon has the chance to get promoted into a higher paid management position if he exceeds his goals in his current position. Thus, he has high _____. He loves the company and is excited about the new position opportunity. Thus, he also has high _____.
 - a. recognition; motivation
 - b. motivation; morale
 - c. motivation; job security
 - d. morale; optimism
 - e. morale; motivation

10. In the first set of Hawthorne experiments dealing with lighting, the main conclusion was that
 - a. the piece-rate method affects production.
 - b. only the amount of pay affects production.
 - c. variations in lighting affect production.
 - d. pressure of social acceptance affects production.
 - e. a sense of involvement affects production.

11. When Sara was recognized by the store manager at a store meeting for exceeding all of her past year's objectives, and the announcement of her promotion to assistant store manager was made, which need of hers was filled?
 - a. Physiological
 - b. Social
 - c. Self-actualization
 - d. Esteem
 - e. Safety

12. The motivation-hygiene theory was developed by
 - a. Taylor.
 - b. Hawthorne.
 - c. Herzberg.
 - d. McGregor.
 - e. Maslow.

13. Theory X by Douglas McGregor is generally consistent with which other theory?
 - a. Trexybig's
 - b. Taylor's
 - c. Herzberg's
 - d. Hawthorne's
 - e. Maslow's

14. IBM, Eastman Kodak, and Hewlett-Packard are organizations that emphasize long-term employment, collective decision making, individual responsibility for the outcomes of decisions, and moderately specialized career paths. These companies are examples of _____ firms.
 - a. Type Y
 - b. Type Z
 - c. Type A
 - d. Type J
 - e. Type X

15. Burlington Coats manufactures its winter jackets in April but does not display them in its stores until early September. Burlington recognizes the importance of _____ utility.
 - a. time
 - b. form
 - c. production
 - d. space
 - e. possession

16. Rufus opened a fast-food restaurant on the corner of First and Main Streets in a small town. He named the restaurant The Hamburger Place. He offered one type of hamburger (a juicy homemade hamburger), for which he designed a marketing mix for the entire hamburger-eater market in town. What approach did he use in choosing a target market?
 - a. Differentiated
 - b. Market segmentation
 - c. Undifferentiated
 - d. Marketing-mix
 - e. Target market

17. The product Centrum Silver is positioned as a vitamin supplement for older adults. The makers of Centrum Silver have segmented the vitamin market on a _____ basis.
 - a. geographic
 - b. product-related
 - c. demographic
 - d. brand-related
 - e. psychographic

18. The elements of the marketing mix are
 - a. product, price, distribution, and promotion.
 - b. product, markets, buyers, and sellers.
 - c. product, buyers, sellers, and price.
 - d. markets, goods, pricing, and transportation.
 - e. product, price, merchandising, and promotion.

19. A consumer product for which buyers will not accept a substitute, for which purchasers do not compare alternatives, and that is purchased infrequently and with extra effort on the buyer's part is a _____ product.
 - a. luxury
 - b. convenience
 - c. specialty
 - d. shopping
 - e. business

20. Sales of XYZ Corporation's digital video cameras are rising rapidly, profits are peaking, and competitors are entering the market. XYZ is able to maintain its market lead. Judging from this example, the digital video camera is in which stage of the product life cycle?
 - a. Evaluation
 - b. Decline
 - c. Growth
 - d. Maturity
 - e. Introduction

21. Which one of the following is not a phase in the new product development process?
 - a. Business analysis
 - b. Screening
 - c. Development
 - d. Test marketing
 - e. Modification

22. The Glo-Brite Company is considering development of a new children's toothpaste in fun-shaped dispensers. Before performing any business analysis on the product, Glo-Brite would like an initial response from potential customers to determine interest in a toothpaste of this type. Glo-Brite will begin _____ to gather the information.
 - a. screening
 - b. product development
 - c. idea generation
 - d. test marketing
 - e. concept testing

23. Costs that are incurred no matter how many units of a product are produced or sold are called
- variable costs.
 - fixed costs.
 - overhead.
 - inflexible costs.
 - operating expenses.
24. The maker of Oral B toothbrushes is introducing a new electric plaque remover and expects considerable competition. What pricing strategy would be appropriate for this maker to choose?
- Penetration pricing
 - Psychological pricing
 - Price skimming
 - Prestige pricing
 - Odd-even pricing
25. The distribution channel *most likely* to be used for a new car is producer to
- agent to wholesaler to retailer to consumer.
 - consumer.
 - retailer to consumer.
 - wholesaler to retailer to consumer.
 - business user.
26. All of the following are services that wholesalers offer to manufacturers *except*
- assuming credit risks.
 - providing an instant sales force.
 - providing loans.
 - furnishing market information.
 - reducing inventory costs.
27. Self-service, general-merchandise outlets that sell goods at lower than usual prices are called _____ stores.
- department
 - discount
 - convenience
 - specialty
 - shopping
28. While carrying large inventories may minimize _____ costs, it is likely to maximize _____ costs.
- stock-out; holding
 - stock-out; handling
 - handling; processing
 - processing; shipping
 - holding; stock-out

29. An advertisement in which the benefits of using Advil instead of Tylenol are discussed is _____ advertising.
- a. primary-demand
 - b. reminder
 - c. comparative
 - d. advocacy
 - e. institutional
30. In a typical day working for Coors Brewing, Alan will deliver beer, restock shelves, clear out old beer, take orders for the next day's delivery, and set up promotional displays. Alan is both a _____ and an _____.
- a. technical salesperson; order getter
 - b. trade salesperson; order getter
 - c. trade salesperson; order taker
 - d. missionary salesperson; order taker
 - e. missionary salesperson; order getter

B: Definition and Short Answer Questions:

Answer all five of these questions (B1-B5). Bullet point answers are fine here. Keep it short. Each question is worth 6 points.

B1) Enthusiasts for Total Quality Management insist that it represents a far reaching departure from traditional management approaches in American manufacturing firms. They also suggest that it represents a new paradigm which must be adopted as a whole. Using the Amsden, Ferratt, and Amsden article as a guide, identify **four** key components of the overall TQM paradigm. List **two** reasons that firms have had difficulty applying TQM in practice.

B2) Some firms try to fill managerial vacancies by promoting people already working within the firm. Others prefer to hire outside candidates. List **three** advantages and **three** disadvantages of looking inside the firm.

B3) List the different levels of Maslow's pyramid of needs. Imagine that you are a reasonably senior mid-career manager with a young family. For each level, give an example of something that might satisfy it.

B4) Why have specialist internet advertising firms fallen on hard times. List **three** problems that they have faced in recent years. List **three** reasons to hope that on-line advertising as a whole might become more important in the future.

B5) We discussed dash.com. What services did this firm provide to end-users? What services did it provide to retailers? How did it intend to derive its revenues?

Section C: Essay Questions:

Answer any TWO of the four questions below with concise but complete explanations. It is acceptable to use lists where appropriate, just be sure that everything that needs to be explained is explained. Each question is worth 20 points. For full credit, support your argument closely with reference to the textbook and the other readings. Make sure that you address the question directly and answer all parts. **You are limited to one-page answers on the specified sheets in the answer book.** If you wish to plan your answer, scrap paper is available.

C1) Amazon wanted to be “the on-line Walmart.”

- a) How did the real Walmart manage to become the leading national discount chain?
- b) Which parts of this story did Amazon initially fail to learn from?
- c) How is Amazon attempting change itself?

C2)

- a) Summarize McKenna’s argument in “Marketing is Everything”, making sure to explain what was novel about his approach when compared to the established ideas of earlier decades. Be sure to explain what he means by marketing, and why he thinks it is becoming more important.
- b) What practical steps might a manufacturer of specialist electronic devices used in medical screening take as a result of reading the article? Assume that it has previously paid little attention to any aspect of marketing.

C3) Imagine that you are employed as a consultant. Your firm is called in to advise a manufacturer of digital cameras. It has a single product, advertised nationally and sold through electronics retailers. The product is used by both individuals and corporations. After years of rapid growth, its market share is stagnating as competitors add new features and technologies to their products.

- a) Define the “marketing concept” and the elements of the marketing mix.
- b) How might this company adjust its marketing mix to improve its situation. Make sure that your suggestions integrate the different elements of the mix. Include both short (six month) and long (three year) recommendations.

C4) As we discussed in class, no single kind of retailer can optimally satisfy every customer need, and this is true even when the product itself is almost standard. Consider a serving of cola. The full sugar, full caffeine, dark colored, classic flavored kind. Depending on what kind of brand you purchase, how much you purchase, how it is packaged, and where you purchase it the amount you pay for this drink can vary greatly.

Examples of cola sources include warehouse club, movie theatre, pizzeria -- pick at least two more of your own. For each one, discuss factors such as why a consumer might choose to purchase cola there, how much he or she would pay, the different kinds of customers attracted, the kinds of utility or value the customer is receiving from the cola and the marketing strategies that might prove the most appropriate. Credit will be awarded for use of all relevant ideas from our discussion of retailing, distribution, promotion and marketing.

(Don't talk too much in general about branding though – make sure everything relates to the specific kinds of retail issues under discussion).