**4**

**Multiple Choice**

*Identify the choice that best completes the statement or answers the question.*

\_\_\_\_ 1. All of the following stages are typically completed before developing a marketing strategy, EXCEPT

|  |  |
| --- | --- |
| a. | screening ideas for sales and profit potential |
| b. | developing and testing the product |
| c. | preparing a business analysis |
| d. | screening ideas for production costs, time, and safety issues |

\_\_\_\_ 2. Competition for a new product is usually considered during which stage of new product planning?

|  |  |
| --- | --- |
| a. | development of the marketing strategy |
| b. | development and testing of the new product |
| c. | screening of ideas |
| d. | preparation of a business analysis |

\_\_\_\_ 3. Which of the following is an example of an enhanced product?

|  |  |
| --- | --- |
| a. | a hybrid car |
| b. | a cotton kitchen towel |
| c. | A new TV that comes with a free ten-year warranty |
| d. | scented shampoo |

\_\_\_\_ 4. A product line that includes sheets, comforters, and bath towels is an example of

|  |  |  |  |
| --- | --- | --- | --- |
| a. | a brand | c. | product line depth and width |
| b. | product line depth | d. | product line width |

\_\_\_\_ 5. Reducing inventory by selling the product at lower prices through secondary markets is a strategy often used during the \_\_\_\_\_ stage of the product life cycle.

|  |  |  |  |
| --- | --- | --- | --- |
| a. | planned obsolescence | c. | decline |
| b. | maturity | d. | growth |

\_\_\_\_ 6. Recycled paper products are beginning to appear in new forms, such as Post-it notes of various colors. These products are being heavily advertised and sales are increasing. This would tend to indicate that recycled paper products are in the \_\_\_\_\_stage.

|  |  |  |  |
| --- | --- | --- | --- |
| a. | maturity | c. | decline |
| b. | growth | d. | introduction |

\_\_\_\_ 7. Which of these is NOT an example of technical obsolescence?

|  |  |
| --- | --- |
| a. | a 12-year-old car is not repaired because parts can no longer be found |
| b. | a VCR is replaced by a Blu-ray player |
| c. | a more energy-efficient washing machine replaces an older version |
| d. | a working flip-top cell phone is discarded in favor of a smartphone |

\_\_\_\_ 8. All of the following are potential ways to maximize profits, EXCEPT

|  |  |
| --- | --- |
| a. | using prestige pricing |
| b. | maximizing sales by selling products below profit |
| c. | providing excellent customer service |
| d. | building strong customer relationships |

\_\_\_\_ 9. Which of the following factors is most relevant when using supply and demand to determine price?

|  |  |
| --- | --- |
| a. | whether to use price or nonprice competition |
| b. | whether demand for the product is elastic or inelastic |
| c. | whether consumers are willing to pay a premium for a high-quality product |
| d. | whether most consumers will be purchasing the product on credit |

\_\_\_\_ 10. In which of these situations might penetration pricing be a useful strategy?

|  |  |
| --- | --- |
| a. | Demand for a new product is determined to be very inelastic. |
| b. | A new upscale perfume is introduced. |
| c. | Advertising has already created a strong demand for a product. |
| d. | A new soft drink brand is introduced. |

**4**

**Answer Section**

**MULTIPLE CHOICE**

1. ANS: B PTS: 1 OBJ: Identify the stages of new product development.

2. ANS: C PTS: 1 OBJ: Identify the stages of new product development.

3. ANS: A PTS: 1

OBJ: Explain the various levels of products and the components that make up the product mix.

4. ANS: D PTS: 1

OBJ: Explain the various levels of products and the components that make up the product mix.

5. ANS: C PTS: 1 OBJ: Explain the stages of the product life cycle.

6. ANS: B PTS: 1 OBJ: Explain the stages of the product life cycle.

7. ANS: A PTS: 1 OBJ: Describe real-world applications of the product life cycle.

8. ANS: B PTS: 1

OBJ: Discuss pricing objectives used by businesses when setting prices.

9. ANS: B PTS: 1 OBJ: Compare and contrast pricing strategies.

10. ANS: D PTS: 1 OBJ: Compare and contrast pricing strategies.