

Principles of marketing, 14e (kotler)

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Principles of Marketing, 14e (Kotler) Chapter 6 Business Buyer Markets and Business Buyer Behavior

1) In which of the following ways is Boeing like most other large companies? A) It produces hundreds of products for a wide range of markets. B) It has an entertainment division. C) It has an investment division. D) Most of its business comes from final consumers. E) Most of its business comes from commercial and industrial customers. Answer: E Diff: 2 Page Ref: 166 Skill: Concept Objective: 6-1

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 _____. A) consumer buying behavior B) postpurchase dissonance C) retail buyer behavior D) business buyer behavior E) interpretive business research Answer: D Diff: 1 Page Ref: 166 Skill: Concept Objective: 6-1

3) Business buying behavior refers to the buying behavior of organizations that buy all of the following EXCEPT _____. A) products for use in production of other products B) services for use in production of other services C) products purchased to resell to others D) products purchased to rent to others E) products purchased for personal consumption Answer: E Diff: 1 Page Ref: 166 Skill: Concept Objective: 6-1

4) In one way or another, most large companies sell to _____. A) consumers B) other organizations C) employees D) not-for-profit companies E) the service sector Answer: B Diff: 2 Page Ref: 166 Skill: Concept Objective: 6-1

5) When compared to consumer markets, business markets are _____. A) approximately the same B) smaller C) huge D) somewhat larger E) less complex Answer: C Diff: 2 Page Ref: 166 Skill: Concept Objective: 6-1

6) Which of the following is NOT a way that business and consumer markets differ? A) market structure and demand B) nature of

the buying unit C) satisfaction of needs through purchases D) types of decisions E) decision processes Answer: C Diff: 3 Page Ref: 167 Skill: Concept Objective: 6-1 7) There are many sets of _____ purchases made for each set of _____ purchases. A) consumer; business B) tangible; intangible C) service; product D) business; consumer E) product; service Answer: D Diff: 2 Page Ref: 166 Skill: Concept Objective: 6-1 8) Which of the following is true about business marketers in comparison to consumer marketers? A) They deal with far fewer but far larger buyers. B) They deal with far more but far small buyers. C) They deal with a more elastic market. D) They deal with fewer demands in fluctuation. E) They deal with the same decision buying process. Answer: A Diff: 2 Page Ref: 167 Skill: Concept Objective: 6-1 9) Hewlett-Packard and Dell buy Intel microprocessor chips because consumers buy personal computers. This demonstrates an economic principle called _____. A) elastic demand B) fluctuating demand C) derived demand D) joint demand E) market demand Answer: C Diff: 2 Page Ref: 167 Skill: Concept Objective: 6-1 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. A) joint B) service C) inelastic D) elastic E) fluctuating Answer: C Diff: 2 Page Ref: 168 Skill: Concept Objective: 6-1 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. A) fluctuating B) derived C) inelastic D) elastic E) supplier Answer: A Diff: 1 Page Ref: 168 Skill: Concept Objective: 6-1 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. A) formalized B) creative C) relationship-oriented D) independent E) concentrated Answer: A Diff: 2 Page Ref: 168 Skill: Concept Objective: 6-1

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. A) value chain B) network relationship C) channel captain D) core channel E) supplier development Answer: E Diff: 1 Page Ref: 170 Skill: Concept Objective: 6-1

14) Although there are many differences between business buying behavior and consumer buying behavior, both respond to the same four stimuli: product, price, promotion, and _____. A) precision B) personal relationships C) place D) publicity E) packaging Answer: C Diff: 2 Page Ref: 171 Skill: Concept Objective: 6-2

15) Economic, technological, and political factors are all _____ that affect the business buying process. A) organizational factors B) environmental factors C) interpersonal influences D) individual influences E) marketing stimuli Answer: B Diff: 2 Page Ref: 171 Skill: Concept Objective: 6-2

16) In a typical organization, buying activity consists of two major parts: the buying _____ and the buying _____. A) committee; time B) time; reorder point C) economic order quantity; reorder point D) center; decision process E) deciders; influencers Answer: D Diff: 3 Page Ref: 170 Skill: Concept Objective: 6-2

17) Which business buying situation is the marketer's greatest opportunity and challenge? A) modified rebuy B) straight rebuy C) new task D) multiple rebuys E) system rebuy Answer: C Diff: 2 Page Ref: 171 Skill:

Concept Objective: 6-2 18) In which type of buying situation would a supplier most likely focus on maintaining product and service quality? A) straight rebuy B) modified rebuy C) new task D) systems task E) solutions task

Answer: A Diff: 3 Page Ref: 171 Skill: Concept Objective: 6-2 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 _____. A) solutions selling B) team selling C) cross-functional skill D) customer relationship management E) promotions Answer: A Diff: 2 Page Ref: 171 Skill: Concept

Objective: 6-2 20) Another name for systems selling is _____ selling. A) solutions B) blanket contract C) vendor-managed inventory D) negotiated contract E) periodic purchase Answer: A Diff: 1 Page Ref: 171 Skill: Concept

Objective: 6-2 21) The decision-making unit of a buying organization is called the _____. A) business buyer B) buying center C) buying system D) business-to-business market E) supplier-development center Answer: B Diff:

1 Page Ref: 172 Skill: Concept Objective: 6-2 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. A) supplier development team B) cross-functional team C) buying center D) quality management center E) partnership management team Answer: C Diff: 2 Page Ref: 172 Skill: Concept Objective:

6-2 23) In routine buying situations, which members of the buying center have formal or informal power to select or approve the final suppliers? A) users B) influencers C) gatekeepers D) deciders E) buyers Answer: D Diff: 1

Page Ref: 172 Skill: Concept Objective: 6-2 24) A(n) _____ controls the flow

of information to others in the buying center. A) user B) influencer C) buyer D) gatekeeper E) decider Answer: D Diff: 1 Page Ref: 172 AACSB:

Communication Abilities Skill: Concept Objective: 6-2 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) _____. A) user B)

influencer C) decider D) gatekeeper E) buyer Answer: B Diff: 2 Page Ref: 172

AACSB: Communication Abilities Skill: Concept Objective: 6-2 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 center is that of _____. A) user B) influencer C) buyer D) decider E) gatekeeper

Answer: C Diff: 2 Page Ref: 172 Skill: Concept Objective: 6-2 27) A buying

center is not a fixed, formally identified unit within an organization, but rather a set of _____ assumed by different people for different purchases.

A) budgetary limits B) informal job titles C) buying roles D) status roles E)

marketing positions Answer: C Diff: 3 Page Ref: 172 Skill: Concept Objective:

6-2 28) Which of the following is NOT included in the decision-making unit of a buying organization? A) individuals who use the product or service B)

individuals who influence the buying decision C) individuals who make the buying decision D) individuals who supply the product E) individuals who

control buying information Answer: D Diff: 2 Page Ref: 172 Skill: Concept

Objective: 6-2 29) Which of the following statements about buying centers is

true? A) The buying center is like a standing committee. B) The buying

center roles are specified on the organizational chart. C) The typical buying

center has five employees, one to assume each of the buying center's roles.

D) An individual's role in the buying center does not change. E) The buying center may involve informal participants who are not obvious to sellers.

Answer: E Diff: 3 Page Ref: 173 Skill: Concept Objective: 6-2 30) When suppliers' offers are very similar, business buyers have little basis for a strictly _____. A) emotional choice B) rational choice C) personal choice D)

intuitive choice E) independent choice Answer: B Diff: 3 Page Ref: 173 Skill:

Concept Objective: 6-2 31) When competing products differ greatly, business buyers are more accountable for their purchase choices and tend to pay more attention to _____. A) economic factors B) emotional choice C)

intuition D) personal factors E) creative factors Answer: A Diff: 3 Page Ref:

174 Skill: Concept Objective: 6-2 32) Buyers are heavily influenced by the

current and expected economic environment. That includes which of the following buyer influences? A) level of primary demand B) economic outlook C) the cost of money D) A and B only E) all of the above Answer: E Diff: 2

Page Ref: 174 Skill: Concept Objective: 6-2 33) To ensure an adequate and available supply of key scarce materials, many companies are now willing to _____. A) decrease levels of demand B) buy and hold large inventories of

the materials C) eliminate distribution and warehousing partners D) experiment with just-in-time technologies E) reduce the length of the supply

chain Answer: B Diff: 2 Page Ref: 174 Skill: Concept Objective: 6-2 34) The

major influences on the buying process at General Aeronautics include company policies and systems, technological change, and economic developments. The types of influences on the buying process in this scenario are most accurately categorized as _____ and _____. A) individual;

environmental B) organizational; interpersonal C) individual; organizational

D) environmental; interpersonal E) organizational; environmental Answer: E
Diff: 3 Page Ref: 174 Skill: Concept Objective: 6-2 35) Which of the following types of factors influencing members of a buying center are typically the most difficult for marketers to assess? A) economic B) technological C) interpersonal D) organizational E) political Answer: C Diff: 3 Page Ref: 174 Skill: Concept Objective: 6-2 36) Policies, procedures, and systems are all examples of _____ influences on business buyer behavior. A) environmental B) authoritative C) interpersonal D) organizational E) cultural Answer: D Diff: 2 Page Ref: 174 Skill: Concept Objective: 6-2 37) Which of the following accurately describes a cultural difference international marketers should be aware of? A) Outside of English-speaking countries, most business leaders do not speak English. B) British businesspeople are accustomed to making more business deals over the telephone than in person. C) German people tend to be impressed by overstatement and showiness. D) Japanese people tend to put a high value on rank. E) French businesspeople are accustomed to building relationships between buyer and seller through quick and easy familiarity. Answer: D Diff: 3 Page Ref: 175 AACSB: Multicultural and Diversity Understanding Skill: Concept Objective: 6-2 38) Which of the following is the best advice for an international marketer planning to interact with businesspeople from many different cultures? A) Trust your instincts and behave as you normally do. B) Remember that countries all over the world are fascinated with American culture. C) Cultures really are different, so do your best to learn about those differences. D) Use the same strategies with all of your clients, no matter what their cultural backgrounds are. E) Assume that businesspeople from different cultures will make

accommodations for you. Answer: C Diff: 2 Page Ref: 176 AACSB:

Multicultural and Diversity Understanding Skill: Concept Objective: 6-2 39)

Status, empathy, and persuasiveness are all examples of _____ influences on business buyer behavior. A) environmental B) individual C) interpersonal D) organizational E) cultural Answer: C Diff: 2 Page Ref: 176 Skill: Concept

Objective: 6-2 40) Charlie Van Dusen, 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. A) straight rebuy B) modified rebuy C) new-task buying D) limited budget E) independent buying Answer: C Diff: 2 Page Ref: 176 Skill: Concept

Objective: 6-3 41) Which of the following is an example of an internal

stimulus that might lead to the business buying process stage of problem

recognition? A) A buyer gets a new idea from an advertisement. B) A buyer gets a new idea at a trade show. C) A buyer is unhappy with a current

supplier's price. D) A buyer receives a call from a salesperson offering better service terms. E) A buyer learns about a new product at an industry

convention. Answer: C Diff: 2 Page Ref: 176 Skill: Concept Objective: 6-3 42)

The first step of the business buying process is _____. A) general need

description B) alternative evaluations C) problem recognition D) order-

routine specification E) performance review Answer: C Diff: 2 Page Ref: 176

Skill: Concept Objective: 6-3 43) 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? A) general need description B) alternative evaluations C) problem

recognition D) order-routine specification E) performance review Answer: C

Diff: 2 Page Ref: 176 Skill: Concept Objective: 6-3 44) 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) _____. A) value analysis B) product specifications list C) general need description D) order-routine specification E) product proposal

Answer: C Diff: 2 Page Ref: 176 Skill: Concept Objective: 6-3 45) In which stage of the business buying process is a supplier most likely to provide a buyer with information about the importance of different product characteristics? A) problem recognition B) general need description C) supplier search D) supplier selection E) order-routine specification Answer: B

Diff: 3 Page Ref: 177 Skill: Concept Objective: 6-3 46) Which of the following is the process of the buying center deciding on the best product characteristics? A) value analysis B) general need description C) marketing myopia D) purchase order E) product specification Answer: E Diff: 1 Page

Ref: 177 Skill: Concept Objective: 6-3 47) 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? A) proposal solicitation B) general need description C) order-routine specification D) performance review E) product specification Answer: E Diff: 3 Page Ref: 177 Skill: Concept Objective: 6-3 48)

Empire Products has begun a process to find the best suppliers. Empire Products is actively engaged in _____. A) value analysis B) performance review C) supplier search D) supplier control E) supplier selection Answer: C

Diff: 1 Page Ref: 177 Skill: Concept Objective: 6-3 49) A buyer would be most

likely to review trade directories in which stage of the business buying process? A) problem recognition B) general need description C) product specification D) supplier search E) supplier selection Answer: D Diff: 2 Page Ref: 177 Skill: Concept Objective: 6-3 50) In the generally accepted stages of the business buying process, the step following product specification is _____. A) proposal solicitation B) supplier search C) problem recognition D) general need description E) order-routine specification Answer: B Diff: 2 Page Ref: 177 Skill: Concept Objective: 6-3 51) In the generally accepted stages of the business buying process, the step following problem recognition is _____. A) proposal solicitation B) supplier search C) product value analysis D) general need description E) performance review Answer: D Diff: 2 Page Ref: 176 Skill: Concept Objective: 6-3 52) Members of the buying center 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 center at ABC Kid's World engaged? A) supplier search B) proposal solicitation C) supplier selection D) order-routine specification E) performance review Answer: C Diff: 2 Page Ref: 177 Skill: Concept Objective: 6-3 53) Which of the following statements about the supplier selection stage of the business buying decision process is true? A) Price is the only factor businesses consider before making a purchase decision. B) Even companies that have adopted a total quality management approach consider price to be the most important factor in choosing a supplier. C) Price and warranty are the only two factors businesses consider before making a purchase decision. D) Buyers do not negotiate for better terms before making a final supplier

selection. E) Before selecting a supplier, many companies consider the supplier's reputation for ethical corporate behavior and honest communication. Answer: E Diff: 2 Page Ref: 177 Skill: Concept Objective: 6-3

54) During the _____ stage of the business buying decision process, the buying center assesses the proposals. A) proposal solicitation B) supplier selection C) product value analysis D) order-routine specification E) performance review Answer: B Diff: 2 Page Ref: 177 Skill: Concept Objective: 6-3

55) In the case of maintenance, repair, and operating items, buyers may use a _____ rather than periodic purchase orders. A) blanket contract B) negotiable instrument C) binding purchase order D) locked-in sale E) solutions purchase Answer: A Diff: 2 Page Ref: 178 Skill: Concept Objective: 6-3

56) In which stage of the business buying process is it a supplier's task to make sure that the supplier is giving the buyer the expected satisfaction? A) problem recognition B) performance review C) supplier search D) supplier selection E) order-routine specification Answer: B Diff: 2 Page Ref: 178 Skill: Concept Objective: 6-3

57) Which of the following is the last stage of the business buying process? A) order-routine specifications B) supplier selection C) performance review D) value analysis E) vendor analysis Answer: C Diff: 2 Page Ref: 178 Skill: Concept Objective: 6-3

58) Under a _____, a supplier monitors and replenishes a buyer's stock automatically as needed. A) vendor-managed inventory B) negotiated contract C) stand-alone contract D) periodic purchase order E) blanket contract Answer: A Diff: 2 Page Ref: 178 Skill: Concept Objective: 6-3

59) Instead of focusing on individual purchases, a seller should focus on managing the _____. A) buyer's reputation in the marketplace B) organizational environment C) use of blanket contracts D)

order-routine specifications E) total customer relationship Answer: E Diff: 2
Page Ref: 178 Skill: Concept Objective: 6-3 60) Which of the following can be especially useful for a company that needs to conduct secure and frequent communications and transactions with key suppliers? A) an intranet B) an extranet C) buying centers D) a reverse auction E) a trading exchange
Answer: B Diff: 2 Page Ref: 178 AACSB: Use of Information Technology Skill: Concept Objective: 6-3 61) Reverse auctions, trading exchanges, and company buying sites are all ways that companies can participate in _____. A) secure extranets B) product value analysis C) vendor-managed inventory systems D) blanket contracts E) e-procurement Answer: E Diff: 1
Page Ref: 178 AACSB: Use of Information Technology Skill: Concept Objective: 6-3 62) Using a(n) _____, a company puts its purchasing requests online and invites suppliers to bid for the business. A) intranet B) vendor-managed inventory system C) reverse auction D) trading exchange E) router Answer: C Diff: 2 Page Ref: 178 AACSB: Use of Information Technology Skill: Concept Objective: 6-3 63) 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 _____. A) greater access to new suppliers B) lower purchasing costs C) hastened order processing and delivery D) reduced payroll E) more time for purchasing agents to focus on strategic issues Answer: D Diff: 2 Page Ref: 178 AACSB: Use of Information Technology Skill: Concept Objective: 6-3 64) B-to-B e-procurement yields many benefits. These include all of the following EXCEPT _____. A) reduced transaction costs B) more efficient purchasing for both buyers and sellers C) elimination of inventory problems D) reduced order

processing costs E) elimination of much of the paperwork associated with traditional ordering procedures Answer: C Diff: 2 Page Ref: 179 AACSB: Use of Information Technology Skill: Concept Objective: 6-3 65) A problem with the rapidly expanding use of e-purchasing is that it _____. A) can erode established customer-supplier relationships B) saves less time than expected C) generates more transactions to document D) generates less cost savings than predicted E) reduces the amount of time purchasing people can spend on strategic issues Answer: A Diff: 2 Page Ref: 179 AACSB: Use of Information Technology Skill: Concept Objective: 6-3 66) The leading barrier to expanding electronic links with customers and partners online is _____. A) cost B) lack of trained personnel C) concern over security D) lack of knowledge E) lack of evidence of efficiencies gained through e-procurement Answer: C Diff: 2 Page Ref: 179 AACSB: Use of Information Technology Skill: Concept Objective: 6-3 67) A firewall is a(n) _____. A) commonly used technique to safeguard Internet and extranet transactions B) method of communicating with e-commerce customers C) tool used by hackers to infiltrate corporate Web sites D) method for increasing employee productivity E) effective method for efficiently linking buyer and seller Web sites Answer: A Diff: 2 Page Ref: 179 AACSB: Use of Information Technology Skill: Concept Objective: 6-3 68) Which of the following statements about e-procurement security issues is true? A) There are no security risks for companies doing business on the Internet. B) Firewalls provide adequate security for all Internet exchanges. C) Hackers are not interested in many business-to-business transactions. D) Extranet users and Internet users face the same security risks and use the same security tools. E) Providing e-

procurement security can involve a substantial financial investment from a company. Answer: E Diff: 2 Page Ref: 179 AACSB: Use of Information Technology Skill: Concept Objective: 6-3 69) Sage, Inc. provides food services to schools, hospitals, and nursing homes in the Midwest. Management at Sage is involved in the _____ market. A) government B) not-for-profit C) local D) institutional E) global Answer: D Diff: 1 Page Ref: 180 Skill: Concept Objective: 6-4 70) Many institutional markets are characterized by _____ and _____. A) low budgets; vague criteria B) special needs; vague criteria C) low budgets; captive patrons D) captive patrons; limited access E) mismanagement; disgruntled workers Answer: C Diff: 3 Page Ref: 180 Skill: Concept Objective: 6-4 71) Government organizations tend to favor _____ suppliers over _____ suppliers. A) local; domestic B) part-time; full-time C) foreign; domestic D) domestic; foreign E) nonunionized; unionized Answer: D Diff: 2 Page Ref: 181 AACSB: Dynamics of the Global Economy Skill: Concept Objective: 6-4 72) All of the following are difficulties associated with selling to government buyers EXCEPT _____. A) considerable paperwork B) bureaucracy C) regulations D) low sales volume E) large group decision making Answer: D Diff: 2 Page Ref: 181 Skill: Concept Objective: 6-4 73) There are many factors considered in government buying, but _____ is typically the most important. A) price B) public relations C) advertising D) personal selling E) packaging Answer: A Diff: 2 Page Ref: 181 Skill: Concept Objective: 6-4 74) Total government spending is determined by _____ rather than by any _____ to develop this market. A) price; contracts B) elected officials; contracts C) elected officials; marketing effort D) marketing efforts; elected officials' effort E)

product and service availability; marketing strategies Answer: C Diff: 3 Page Ref: 182 Skill: Concept Objective: 6-4 75) The world's largest buyer of products and services is _____. A) the Department of Veteran Affairs B) the Chinese government C) the U. S. government D) the General Services Administration E) the Russian government Answer: C Diff: 2 Page Ref: 181 AACSB: Dynamics of the Global Economy Skill: Concept Objective: 6-4 76) Which of the following is NOT part of the business market? A) Scott Sign Systems sells interior signs to an Alabama resort. B) A country club buys chemicals for its swimming pool. C) Sue buys a gift for her mother. D) A Canadian software company buys tickets to send a group of salespeople to make a presentation to a heavy equipment manufacturer in Japan. E) Airmark sells a vinyl printing press to a manufacturer of plastic bags. Answer: C Diff: 2 Page Ref: 166 AACSB: Analytic Skills Skill: Application Objective: 6-1 77) Giant Food Stores buys a lot of frozen turkey products at Thanksgiving and Christmas due to high consumer demand. This is an example of _____ demand. A) joint B) derived C) elastic D) static E) inelastic Answer: B Diff: 2 Page Ref: 167 AACSB: Analytic Skills Skill: Application Objective: 6-1 78) Demand for outboard motors depends on consumers purchasing fishing boats. This is an example of _____ demand. A) fluctuating B) joint C) derived D) contrived E) leisure Answer: C Diff: 2 Page Ref: 167 AACSB: Analytic Skills Skill: Application Objective: 6-1 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. A) derived B) contrived C) fluctuating D) joint E) inelastic Answer: E Diff: 3 Page Ref: 168 AACSB: Analytic Skills Skill: Application Objective: 6-1 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? A)

Business purchases involve more buyers. B) Buyers and sellers in the business market build close, long-term relationships. C) Business markets contain more and larger buyers. D) Business buyer demand is derived. E)

Demand in business markets is inelastic. Answer: B Diff: 2 Page Ref: 168

AACSB: Reflective Thinking Skills Skill: Application Objective: 6-1 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. A) modified rebuy B) new task C) straight rebuy D) solution selling E) value analysis Answer: A Diff: 1

Page Ref: 171 AACSB: Analytic Skills Skill: Application Objective: 6-2 82) 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. A) modified rebuy B) new task C) straight rebuy D) solution selling E) value analysis Answer: C

Diff: 2 Page Ref: 171 AACSB: Analytic Skills Skill: Application Objective: 6-2

83) Worthington Farm raises chickens. For years, it has used wooden coops to haul 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 _____. A) modified rebuy B) new task C) straight rebuy D) solution selling situation E) value analysis Answer: A Diff: 2 Page Ref: 171 AACSB: Analytic Skills Skill: Application Objective: 6-2 84)

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, your printing plant's buying center will be ready to make this _____ purchase. A) modified rebuy B) new task C) straight rebuy D) straight task E) situational analysis Answer: B Diff: 2 Page Ref: 171 AACSB: Analytic Skills Skill: Application Objective: 6-2 85)

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 _____. A) user; buyer B) buyer; influencer C) buyer; gatekeeper D) decider; buyer E) gatekeeper; influencer Answer: D Diff: 3 Page Ref: 172 AACSB: Analytic Skills Skill: Application Objective: 6-2 86)

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 center, the dental assistant had the role of _____. A) initiator B) buyer C) gatekeeper D) influencer E) liaison Answer: D Diff: 2 Page Ref: 172 AACSB: Analytic Skills Skill: Application Objective: 6-2 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. 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 center, Dr. Albrecht had the role of _____.

A) initiator B) decider C) agent D) influencer E) liaison Answer: B Diff: 2 Page

Ref: 172 AACSB: Analytic Skills Skill: Application Objective: 6-2 88) A trucking company is considering purchasing new trucks that are powered by ethanol instead of diesel fuel. In terms of the buying center, the truck drivers who must make sure that the trucks do not run out of fuel are the _____.

A) initiators B) deciders C) buyers D) influencers E) users Answer: E Diff: 2 Page Ref: 172 AACSB: Analytic Skills Skill: Application Objective: 6-2 89)

Worthington Farm raises chickens. For years, it has used wooden coops to haul 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? A) problem

recognition B) general need description C) product specification D) product value analysis E) performance review Answer: A Diff: 2 Page Ref: 176 AACSB:

Analytic Skills Skill: Application Objective: 6-3 90) 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. A) problem recognition B) general need description C) product specification D) supplier search E) proposal solicitation Answer: C Diff: 3 Page Ref: 177 AACSB:

Reflective Thinking Skills Skill: Application Objective: 6-3 91) Most newspapers use _____ so they do not need to rely on only one supplier to provide the tons of paper that they use annually. A) single sourcing B) multiple sourcing C) cross-docking D) vendor-managed inventory E) blanket contracting Answer: B Diff: 2 Page Ref: 177 AACSB: Analytic Skills Skill: Application Objective: 6-3 92) 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) _____. A) extranet B) intranet C) search engine D) trading exchange E) reverse auction Answer: A Diff: 2 Page Ref: 178 AACSB: Use of Information Technology Skill: Application Objective: 6-3 93) 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? A) e-procurement B) an intranet C) single sourcing D) blanket contracting E) a reverse auction site Answer: A Diff: 2 Page Ref: 178 AACSB: Use of Information Technology Skill: Application Objective: 6-3 94) All of the following organizations are likely considered to be a part of the institutional market EXCEPT _____. A) LaGrange Community Hospital B) Joliet Prison C) Lancaster Township D) The Water Street Rescue Mission E) Millersville University Answer: C Diff: 2 Page Ref: 180 AACSB: Analytic Skills Skill: Application Objective: 6-4 95) Which of the following is most likely true about a straight rebuy? A) It requires little customer relationship management. B) It

is more complex than a new-task situation. C) It often involves products with low risks. D) It occurs when a buyer wants to locate the best deal on the market. E) It involves more opportunities for "out" buyers than other types of purchasing situations do. Answer: C Diff: 3 Page Ref: 171 AACSB:

Reflective Thinking Skills Skill: Critical Thinking Objective: 6-2 96) In what type of buying situation would a seller most likely send only a catalog to the buyer during the proposal solicitation stage of the business buying process?

A) new task B) modified rebuy C) straight rebuy D) solution selling E)

independent task Answer: C Diff: 3 Page Ref: 171. 177 AACSB: Reflective Thinking Skills Skill: Synthesis Objective: 6-3 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. 97) 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. A) inelastic B) static C) increasing D) derived E) independent Answer: D Diff: 2 Page Ref: 167 AACSB: Analytic Skills Skill: Application Objective: 6-1 98) In this scenario, which of the following had the greatest influence on the business buying behavior at A-1 Stampings? A) regulatory developments B) organizational structure C) shifting authority D) technological changes E) individuals' risk attitudes Answer: D Diff: 3 Page Ref: 174 AACSB: Reflective Thinking Skills Skill: Application Objective: 6-2 99) The management directive to reduce the number of steel suppliers is most accurately classified as which type of influence affecting business buying behavior? A) environmental B) organizational C) interpersonal D) individual E) commercial Answer: B Diff: 2 Page Ref: 174 AACSB: Analytic Skills Skill: Application Objective: 6-2 100) At what stage in the buying process was Richard when he sought input from others in the firm? A) supplier selection B) general need description C) supplier search D) proposal solicitation E) order-routine specification Answer: A Diff: 3 Page Ref: 177 AACSB: Analytic Skills Skill: Application Objective: 6-3 101) The main differences between business and

consumer markets include market structure and demand, the nature of the buying unit, and the types of decisions. Answer: TRUE Diff: 2 Page Ref: 167 Skill: Concept Objective: 6-1 102) One set of business purchases is made for each set of consumer purchases. Answer: FALSE Diff: 2 Page Ref: 166 Skill: Concept Objective: 6-1 103) A business marketer normally deals with far fewer buyers than the consumer marketer does. Answer: TRUE Diff: 2 Page Ref: 167 Skill: Concept Objective: 6-1 104) Buyer and seller are less dependent upon each other in the business buying process than in the consumer buying process. Answer: FALSE Diff: 2 Page Ref: 168 Skill: Concept Objective: 6-1 105) 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. Answer: TRUE Diff: 1 Page Ref: 166 Skill: Concept Objective: 6-1 106) Business demand ultimately derives from the demand for consumer goods and services. Answer: TRUE Diff: 2 Page Ref: 167 Skill: Concept Objective: 6-1 107) Demand in business markets is subject to more fluctuation than in consumer markets. Answer: TRUE Diff: 2 Page Ref: 168 Skill: Concept Objective: 6-1 108) The buying center is not a fixed or formally identified unit within an organization. Answer: TRUE Diff: 3 Page Ref: 172 Skill: Concept Objective: 6-2 109) The decider is the person in the business buying process who controls the flow of information to others involved. Answer: FALSE Diff: 3 Page Ref: 172 Skill: Concept Objective: 6-2 110) Environmental, organizational, interpersonal, and individual factors all influence business buyer behavior. Answer: TRUE Diff: 1 Page Ref: 174 Skill: Concept Objective: 6-2 111) Buyers have different buying styles influenced

by interpersonal factors such as age, income, education, professional identification, and attitudes toward risk. Answer: FALSE Diff: 2 Page Ref: 174 Skill: Concept Objective: 6-2 112) A statement prepared by a business buyer describing the quantity and general characteristics of the items needed is a product specification description. Answer: FALSE Diff: 1 Page Ref: 176 Skill: Concept Objective: 6-3 113) In the product specification stage of the business buying process, the buyer ranks the importance of reliability, price, and other desired product characteristics. Answer: FALSE Diff: 2 Page Ref: 177 Skill: Concept Objective: 6-3 114) 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. Answer: FALSE Diff: 3 Page Ref: 177 Skill: Concept Objective: 6-3 115) Proposals should be marketing documents and not just technical documents. Answer: TRUE Diff: 2 Page Ref: 178 AACSB: Communication Abilities Skill: Concept Objective: 6-3 116) 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. Answer: FALSE Diff: 3 Page Ref: 178 Skill: Concept Objective: 6-3 117) E-procurement typically reduces drudgery and paperwork, thereby freeing purchasing personnel to focus on more strategic issues. Answer: TRUE Diff: 2 Page Ref: 179 AACSB: Use of Information Technology Skill: Concept Objective: 6-3 118) The benefits of e-procurement include access to new suppliers, lower purchasing costs, and more time-efficient order processing and delivery. Answer: TRUE Diff: 2 Page Ref: 179 AACSB: Use of Information Technology Skill: Concept Objective: 6-3 119) Unfortunately, most governments do not provide would-

be suppliers with detailed guides describing how to sell to the government.

Answer: FALSE Diff: 2 Page Ref: 181 Skill: Concept Objective: 6-4 120) It is

rare that noneconomic factors play a role in government buying. Answer:

FALSE Diff: 2 Page Ref: 182 Skill: Concept Objective: 6-4 121) Of the different

types of buying situations, the modified rebuy presents the fewest decisions

for a business buyer to make. Answer: FALSE Diff: 2 Page Ref: 171 AACSB:

Reflective Thinking Skills Skill: Application Objective: 6-2 122) 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. Answer: FALSE Diff: 2 Page Ref: 171 AACSB: Analytic Skills Skill:

Application Objective: 6-2 123) 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. Answer: FALSE Diff: 2 Page Ref: 172 AACSB: Analytic Skills Skill:

Application Objective: 6-2 124) In business buying decisions, the role of

emotion is negligible in comparison to the role of reason. Answer: FALSE Diff:

3 Page Ref: 173 AACSB: Reflective Thinking Skills Skill: Critical Thinking

Objective: 6-2 125) Suppliers are more likely to stay price competitive when

the purchasing company uses single sourcing than when it uses multiple

sourcing. Answer: FALSE Diff: 3 Page Ref: 177 AACSB: Reflective Thinking

Skills Skill: Critical Thinking Objective: 6-3 126) Explain how the decision

process in the business market and consumer market differs. Answer:

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. Diff: 2 Page Ref: 168 AACSB: Reflective Thinking

Skills Skill: Application Objective: 6-1 127) Describe the three major types of business buying situations and what differentiates each from the other two.

Answer: 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. Diff: 3 Page Ref: 171

AACSB: Reflective Thinking Skills Skill: Synthesis Objective: 6-2 128) Explain the advantages of systems selling. Answer: 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. Diff: 2 Page Ref: 171 AACSB: Reflective Thinking Skills Skill:

Application Objective: 6-2 129) Describe the typical roles played by the various members of a buying center. Answer: The buying center 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. Diff: 2 Page Ref: 172 AACSB: Communication

Abilities Skill: Application Objective: 6-2 130) Provide a brief explanation of the major influences on business buyers. Answer: 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. Diff: 2 Page Ref: 174

AACSB: Reflective Thinking Skills Skill: Application Objective: 6-2 131) What is the buying center concept? Explain why this concept presents a major

marketing challenge. Answer: The buying center is the decision-making unit of a buying organization. The buying center 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 center 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 center varies for different products and buying situations. The variable nature of the buying center 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. Diff: 3 Page Ref: 172-174 AACSB: Reflective Thinking Skills Skill: Critical Thinking Objective: 6-2 132) Describe the eight steps in the business buying process. Answer: 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. Diff: 2 Page Ref: 176-178 AACSB: Reflective Thinking Skills Skill: Application Objective: 6-3 133) Briefly describe the major advantages of business-to-business marketing on the Internet. Answer: 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. Diff: 2 Page Ref: 178-179 AACSB: Use of Information Technology Skill: Application Objective: 6-3 134) What are the major characteristics of institutional markets? Answer: 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. Diff: 2 Page Ref: 180 AACSB: Reflective Thinking Skills Skill: Concept Objective: 6-4 135) What are the major characteristics of government markets? Answer: 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 favor firms from depressed business areas, small business firms, minority-owned firms, and business firms that avoid race, gender, or age discrimination. Diff: 2 Page Ref: 181 AACSB: Reflective Thinking Skills Skill: Application Objective: 6-4 136)

Explain the concept of derived demand, giving an example of a product that has derived demand. Answer: 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. Diff: 2 Page Ref: 167 AACSB: Reflective Thinking Skills Skill: Application Objective: 6-1 137) Why is demand in the business market mostly inelastic?

Answer: 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. Diff: 3 Page Ref: 168 AACSB: Reflective Thinking Skills Skill: Critical Thinking Objective: 6-1 138) How is the business buying process more formalized than the consumer buying process? Answer:

Business purchases usually call for product specification, written purchase orders, and supplier searches. Diff: 1 Page Ref: 168 AACSB: Reflective Thinking Skills Skill: Application Objective: 6-1 139) How have relationships between customers and suppliers changed in recent years? Answer:

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. Diff: 2 Page Ref: 168, 170 AACSB: Reflective Thinking Skills Skill: Application Objective: 6-1 140) In what type of purchase would one person most likely assume all buying center roles? Answer: One person will likely play all roles in purchasing routine products and services, or a straight rebuy. Diff: 2 Page Ref: 172 AACSB: Reflective Thinking Skills Skill: Synthesis Objective: 6-2 141) Why is the new-task buying situation both a great opportunity and a challenge for a marketer? Answer: 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. Diff: 3 Page Ref: 172 AACSB: Reflective Thinking Skills Skill: Critical Thinking Objective: 6-2 142) 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. Answer: This is a modified rebuy. The firm has already purchased similar machinery, but this purchase now involves a modified machine. Diff: 3 Page Ref: 171 AACSB: Reflective Thinking Skills Skill: Application Objective: 6-2 143) Explain the buyer center role of the influencer. Answer: An influencer often helps define specifications and provide information for evaluating alternatives. Diff: 2 Page Ref: 172 AACSB: Reflective Thinking Skills Skill: Application Objective: 6-2 144) Which roles in the buying center are likely to change with different purchases? Answer:

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. Diff: 2 Page Ref: 172 AACSB: Reflective Thinking Skills Skill: Synthesis Objective: 6-2 145) When are business buyers most likely to make decisions heavily influenced by personal factors? Answer: 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. Diff: 2 Page Ref: 173-174 AACSB: Reflective Thinking Skills Skill: Application Objective: 6-2 146) Why is it difficult to assess interpersonal factors that influence the business buying process? Answer: 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. Diff: 3 Page Ref: 174 AACSB: Reflective Thinking Skills Skill: Application Objective: 6-2 147) How can marketers influence business buyers who are in the problem recognition stage? Answer: 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. Diff: 2 Page Ref: 176 AACSB: Reflective Thinking Skills Skill: Application Objective: 6-3 148) What information is a buyer likely to include in the general need description? Answer: This element describes the general characteristics and quantity of the needed item. Diff: 1 Page Ref: 176-177 AACSB: Analytic Skills Skill: Application Objective: 6-3 149) Describe two advantages of using multiple source contracts. Answer: 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. Diff: 3 Page Ref: 177 AACSB: Reflective Thinking Skills Skill: Application Objective: 6-3 150) What type of noneconomic criteria influence government buying? Answer: Government buyers are asked to favor depressed business areas, small business firms, minority-owned firms, and business firms that avoid race, gender, or age discrimination. Diff: 2 Page Ref: 182 AACSB: Reflective Thinking Skills Skill: Application Objective: 6-4