Principles of Marketing

CREDIT HOURS: 3
LEVEL: LOWER

EXAM CODE: 252
CATALOG NUMBER: BUSx250

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Prefer for the Exam

Before You Choose This UExcel Exam

Uses for the Examination

• Excelsior College, the test developer, recommends granting three (3) semester hours of lower-level undergraduate credit to students who receive a letter grade of C or higher on this examination. The examination may be used to help fulfill a core requirement for Business degrees or as a free elective for all Excelsior College degree programs that allow for free electives.

• Other colleges and universities also recognize this exam as a basis for granting credit or advanced standing.

• Individual institutions set their own policies for the amount of credit awarded and the minimum acceptable score.

Exam-takers who have applied to Excelsior College should ask their academic advisor where this exam fits within their degree program.

Exam-takers not enrolled in an Excelsior College degree program should check with the institution from which they wish to receive credit to determine whether credit will be granted and/or to find out the minimum grade required for credit. Those who intend to enroll at Excelsior College should ask an admissions counselor where this exam fits within their intended degree program.

Examination Length and Scoring

The examination consists of approximately 120 questions, most of which are multiple choice; for samples of all the item types on this exam, see the sample items in the back of this guide. Some items are unscored, pretest items. The pretest items are embedded throughout the exam and are indistinguishable from the scored items. You will have two (2) hours to complete the examination. Your score will be reported as a letter grade.

UExcel Exam Resources

Excelsior College Bookstore

The Excelsior College Bookstore offers recommended textbooks and other resources to help you prepare for UExcel exams.

The bookstore is available online at: www.excelsior.edu/bookstore

UExcel Practice Exams

The official UExcel practice exams are highly recommended as part of your study plan. Once you register for your UExcel exam, you are eligible to purchase the corresponding practice exam, which can be taken using any computer with a supported Web browser. Each practice exam includes two forms that you may take within a 180-day period.
Excelsior College Library

Enrolled Excelsior College students can access millions of authoritative resources online through the Excelsior College Library. Created through our partnership with the Sheridan Libraries of The Johns Hopkins University, the library provides access to journal articles, books, websites, databases, reference services, and many other resources. Special library pages relate to the nursing degree exams and other selected exams. To access it, visit www.excelsior.edu/library (login is required).

Our library provides:

- 24/7 availability
- The world’s most current authoritative resources
- Help and support from staff librarians

Online Tutoring

Excelsior College offers online tutoring through SMARTTHINKING™ to connect with tutors who have been trained in a variety of academic subjects. To access SMARTTHINKING, go to www.excelsior.edu/smarthinking. Once there, you may download a copy of the SMARTTHINKING Student Handbook as a PDF.

MyExcelsior Community

MyExcelsior Community enables Excelsior College students and alumni to interact with their peers online. As members, students can participate in real-time chat groups, join online study groups, buy and sell used textbooks, and share Internet resources. Enrolled students have automatic access from their MyExcelsior page. Visit www.excelsior.edu/myexcelsiorcommunity.

Preparing for UExcel Exams

How Long Will It Take Me to Study?

A UExcel exam enables you to show that you’ve learned material comparable to one or more 15-week college-level courses. As an independent learner, you should study and review as much as you would for a college course. For a 3-credit course in a subject they don’t know, most students would be expected to study nine hours per week for 15 weeks, for a total of 135 hours.

Study Tips

Become an active user of the resource materials. Aim for understanding rather than memorization. The more active you are when you study, the more likely you will be to retain, understand, and apply the information.

The following techniques are generally considered to be active learning:

- preview or survey each chapter
- highlight or underline text you believe is important
- write questions or comments in the margins
- practice re-stating content in your own words
- relate what you are reading to the chapter title, section headings, and other organizing elements of the textbook
- find ways to engage your eyes, your ears, and your muscles, as well as your brain, in your studies
- study with a partner or a small group (if you are an enrolled student, search for partners on MyExcelsior Community)
- prepare your review notes as flashcards or create recordings that you can use while commuting or exercising

When you feel confident that you understand a content area, review what you have learned. Take a second look at the material to evaluate your understanding. If you have a study partner, the two of you can review by explaining the content to each other or writing test questions for each other to answer. Review questions from textbook chapters may be helpful for partner or individual study, as well.

Using UExcel Practice Exams

We recommend taking the first form of the practice exam when you begin studying, to see how much you already know. After taking the first practice exam, check your performance on each question and find out why your answer was right or wrong. This feedback will help you improve your knowledge of the subject and identify areas of weakness that you should address before taking the exam. Take the second form of the practice exam after you have finished studying. Analyze your results to identify the areas that you still need to review.
Although there is no guarantee, our research suggests that students who do well on the practice exams are more likely to pass the actual exam than those who do not do well (or do not take advantage of this opportunity).

About Test Preparation Services

Preparation for UExcel® exams and Excelsior College® Examinations, though based on independent study, is supported by Excelsior College with a comprehensive set of exam learning resources and services designed to help you succeed. These learning resources are prepared by Excelsior College so you can be assured that they are current and cover the content you are expected to master for the exams. These resources, and your desire to learn, are usually all that you will need to succeed.

There are test-preparation companies that will offer to help you study for our examinations. Some may imply a relationship with Excelsior College and/or make claims that their products and services are all that you need to prepare for our examinations.

Excelsior College is not affiliated with any test preparation firm and does not endorse the products or services of these companies. No test preparation vendor is authorized to provide admissions counseling or academic advising services, or to collect any payments, on behalf of Excelsior College. Excelsior College does not send authorized representatives to a student’s home nor does it review the materials provided by test preparation companies for content or compatibility with Excelsior College examinations.

To help you become a well-informed consumer, we suggest that before you make any purchase decision regarding study materials provided by organizations other than Excelsior College, you consider the points outlined on our website at www.excelsior.edu/testprep.

Preparing for This Exam

Prior Knowledge

No prior knowledge of principles of marketing is assumed.

Using the Content Outline

Each content area in the outline includes (1) the recommended minimum hours of study to devote to that content area and (2) the most important sections of the recommended resources for that area. These annotations are not intended to be comprehensive. You may need to refer to other chapters in the recommended textbooks. Chapter numbers and titles may differ in other editions.

This content outline contains examples of the types of information you should study. Although these examples are numerous, do not assume that everything on the exam will come from these examples. Conversely, do not expect that every detail you study will appear on the exam. Any exam is only a broad sample of all the questions that could be asked about the subject matter.

Using the Sample Questions and Rationales

Each content guide provides sample questions to illustrate those typically found on the exam. These questions are intended to give you an idea of the level of knowledge expected and the way questions are typically phrased. The sample questions do not sample the entire content of the exam and are not intended to serve as an entire practice test.
Recommended Resources for the UExcel Exam in Principles of Marketing

The study materials listed below are recommended by Excelsior College as the most appropriate resources to help you study for the examination. For information on ordering from the Excelsior College Bookstore, see page 1 of this guide. You may also find resource materials in college libraries. Public libraries may have some of the textbooks or may be able to obtain them through an interlibrary loan program.

You should allow sufficient time to obtain resources and to study before taking the exam.

Textbook

The following textbook was used by the examination development committee to verify all questions on the exam. These study materials may be purchased from the Excelsior College Bookstore.

www.excelsior.edu/bookstore


Open Educational Resources

The Saylor Foundation provides free, high quality courses through online, self-paced, free learning resources.

Saylor Foundation: Principles of Marketing
http://www.saylor.org/courses/bus203/

Reducing Textbook Costs

Many students know it is less expensive to buy a used textbook, and buying a previous edition is also an option. The Excelsior College bookstore includes a buyback feature and a used book marketplace, as well as the ability to rent digital versions of textbooks for as long as students need them. Students are encouraged to explore these and the many other opportunities available online to help defray textbook costs.
General Description of the Examination

The UExcel Principles of Marketing examination is based on material typically taught in a one-semester lower-level undergraduate course in marketing.

The examination measures knowledge of facts and terminology, understanding of marketing concepts and theories, and the ability to apply this knowledge and understanding within organizational and societal environments. Major topics include marketing strategies and mix, market segmentation, factors affecting the marketing environment, market research, consumer and business buyer behavior, target marketing, product differentiation and positioning, product branding, pricing strategies, the purchase decision process, marketing channels, promotion mix strategies, online and global marketing, marketing ethics, and the marketing plan.

No prior knowledge of principles of marketing is required before beginning study for this exam.

Learning Outcomes

After you have successfully worked your way through the recommended study materials, you should be able to demonstrate the following learning outcomes:

1. Define the basic terms and concepts of marketing.
2. Describe and understand the components of the marketing process.
3. Describe the environmental forces that affect a company’s ability to serve its customers.
4. Explain the process of gathering and using information to gain insight into the marketplace and customers.
5. Explain consumer business behavior.
6. Describe and apply the concepts of marketing segmentation, target marketing, and product positioning.
7. Describe and apply the elements of the marketing mix and explain how they affect customers and organizations.
8. Identify the uses of direct and online marketing.
9. Understand the global marketing environment and the strategies for developing a global marketing mix.
10. Describe the issues of social responsibility and marketing ethics.
11. Describe the components and use of a marketing plan.
Content Outline

The content outline describes the various areas of the test, similar to the way a syllabus outlines a course. To fully prepare requires self-direction and discipline. Study involves careful reading, reflection, and systematic review.

The major content areas on the Principles of Marketing examination, the percent of the examination, and the hours to devote to each content area are listed below.

<table>
<thead>
<tr>
<th>Content Area</th>
<th>Percent of the Examination</th>
<th>Hours of Study</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Introduction to Marketing</td>
<td>10%</td>
<td>14</td>
</tr>
<tr>
<td>II. The Marketplace and Consumers</td>
<td>25%</td>
<td>34</td>
</tr>
<tr>
<td>III. Marketing Strategy and Mix</td>
<td>45%</td>
<td>61</td>
</tr>
<tr>
<td>IV. Global Marketing</td>
<td>10%</td>
<td>7</td>
</tr>
<tr>
<td>V. Social Responsibility and Marketing Ethics</td>
<td>5%</td>
<td>14</td>
</tr>
<tr>
<td>VI. The Marketing Plan</td>
<td>5%</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td></td>
</tr>
</tbody>
</table>

**NOTE:** Occasionally, examples will be listed for a content topic to help clarify that topic. However, the content of the examination is not limited to the specific examples given.

I. Introduction to Marketing

10 PERCENT OF EXAM | 14 HOURS OF STUDY

Armstrong

Ch. 1, Marketing: Creating and Capturing Customer Value

Ch. 2, Company and Marketing Strategy: Partnering to Build Customer Relationships

A. Definitions (Ch. 1)

1. Marketing and markets
2. Customers and value

a. Customer needs and wants
b. Customer satisfaction
3. Marketing concepts and customer relations
4. Marketing environment
5. Role of marketing in organizations

B. Marketing process (Ch. 2)

1. Planning
2. Marketing strategy (for example: portfolio analysis)
3. Marketing mix (product, price, place, and promotion)
4. Market segmentation
5. Target markets
6. Differentiation and positioning
7. Control and evaluation
II. The Marketplace and Consumers

25 PERCENT OF EXAM | 34 HOURS OF STUDY

Armstrong

Ch. 3, Analyzing the Marketing Environment
Ch. 4, Managing Marketing Information to Gain Customer Insights
Ch. 5, Understanding Consumer and Business Buyer Behavior

A. Factors affecting the marketing environment (Ch. 3)
   1. Internal forces
      a. Company departments
      b. Suppliers
      c. Marketing intermediaries
      d. Customers
      e. Competitors
      f. Public groups
   2. External forces
      a. Demographic
      b. Economic
      c. Natural/ecological
      d. Technological
      e. Political/social/legal
      f. Cultural

B. Marketing information and research (Ch. 4)
   1. Assessing information needs
   2. Developing information
      a. Primary data
      b. Secondary data
      c. Qualitative research
      d. Quantitative research
   3. Marketing research
      a. Research approaches
      b. Contact methods
      c. Sampling
      d. Data collection instruments
   e. Analyzing and using marketing information

C. Consumer buyer behavior (Ch. 5)
   1. Stages of the consumer purchase decision process
      a. Need recognition
      b. Information search
      c. Evaluation of alternatives
      d. Purchase decision
      e. Post-purchase behavior
   2. Characteristics affecting consumer behavior
      a. Cultural
      b. Social
      c. Personal
      d. Psychological
   3. The adoption process

D. Business buyer behavior (Ch. 5)
   1. Business markets
      a. Derived demand
      b. Inelastic demand
   2. Buying situations
      a. Straight rebuy
      b. Modified rebuy
      c. New task
   3. Buying center
   4. Influences on business buyers
      a. Environmental
      b. Organizational
      c. Interpersonal
      d. Individual
   5. Business buying process
   6. Business-to-business e-commerce
III. Marketing Strategy and Mix

45 PERCENT OF EXAM | 61 HOURS OF STUDY

Armstrong

Ch. 6, Customer-Driven Marketing Strategy: Creating Value for Target Customers
Ch. 7, Products, Services, and Brands: Building Customer Value
Ch. 8, Developing New Products and Managing the Product Life Cycle
Ch. 9, Pricing: Understanding and Capturing Customer Value
Ch. 10, Marketing Channels: Delivering Customer Value
Ch. 11, Retailing and Wholesaling
Ch. 12, Communicating Customer Value: Advertising and Public Relations
Ch. 13, Personal Selling and Sales Promotion
Ch. 14, Direct, Online, Social Media, and Mobile Marketing

A. Strategy (Ch. 6)
1. Marketing segmentation
   a. Consumer market segmentation variables
   b. Business market segmentation
   c. Requirements for effective segmentation
2. Target marketing
   a. Undifferentiated marketing
   b. Differentiated marketing
   c. Concentrated marketing
   d. Micro-marketing
3. Positioning
   a. Perceptual maps
   b. Competitive advantage
   c. Value proposition

B. Products, services, and brands (Ch. 7)
1. What is a product?
2. Product and service classifications
   a. Types of consumer products
   b. Types of industrial products
   c. Organizations, persons, places, and ideas
3. Branding and brand management
   a. Brand equity
   b. Brand position
   c. Brand name
   d. Brand sponsorship
   e. Brand development
4. Packaging and labeling
5. Service marketing
   a. Nature of services
   b. Marketing strategy for service firms
6. Developing new products (Ch. 8)
   a. New product development process
   b. Product life-cycle

C. Pricing (Ch. 9)
1. Pricing strategies
2. Pricing decisions
3. New product pricing
4. Market-skimming pricing
5. Market penetration pricing
6. Product mix pricing
7. Price adjustments

D. Distribution (place) (Ch. 10)
1. Marketing channels
   a. How channels add value
   b. Channel levels
   c. Channel conflict
   d. Vertical marketing systems
   e. Horizontal marketing systems
   f. Multi-channel marketing systems
2. Logistics and supply chain management
   a. Logistics functions
   b. Integrated logistics management
3. Retailing (Ch. 11)
   a. Types of retailers
b. Retailing strategy
c. Retailing mix

4. Wholesaling (Ch. 11)
   a. Types of wholesalers
   b. Wholesale strategy
   c. Wholesale marketing mix

E. Promotion (Ch. 12)
   1. Promotion mix
   2. Integrated marketing communications
   3. Promotion mix strategies
      a. Push strategy
      b. Pull strategy
   4. Advertising
      a. Objectives
      b. Budget methods
      c. Strategy – message and media
      d. Evaluation
   5. Public relations
   6. Personal selling (Ch. 13)
      a. Sales management
      b. Selling process
   7. Sales promotion (Ch. 13)
      a. Objectives
      b. Tools

F. Direct marketing (Ch. 14)
   1. Customer databases
   2. Types of direct marketing

G. Online marketing (Ch. 14)
   1. Business to consumer (B2C)
   2. Business to business (B2B)
   3. Consumer to consumer (C2C)
   4. Consumer to business (C2B)

IV. Global Marketing

| 10 PERCENT OF EXAM | 14 HOURS OF STUDY |

Armstrong

Ch. 15, The Global Marketplace

A. Global marketing environment
   1. International trade systems
   2. Economic environment
   3. Political and legal environment
   4. Cultural environment

B. Global strategies
   1. Exporting
   2. Joint venturing
   3. Direct investment

C. Global marketing mix

V. Social Responsibility and Marketing Ethics

| 5 PERCENT OF EXAM | 7 HOURS OF STUDY |

Armstrong

Ch. 16, Sustainable Marketing: Social Responsibility and Ethics

A. Sustainable marketing

B. Social criticisms of marketing
   1. Impact on consumers (for example: deceptive practices, planned obsolescence)
   2. Impact on society (for example: shortages, pollution)
   3. Impact on other businesses

C. Consumer action
   1. Consumerism
   2. Environmentalism

D. Business action
   1. Sustainable marketing principles
   2. Marketing ethics (AMA Code of Ethics)
VI. Marketing Plan

| 5 PERCENT OF EXAM | 7 HOURS OF STUDY |

Armstrong

Appendix 2, Marketing Plan
Appendix 3, Marketing by the Numbers

A. SWOT analysis
B. Breakeven analysis
Section Three

Sample Questions

The sample questions give you an idea of the level of knowledge expected in the exam and how questions are typically phrased. They are not representative of the entire content of the exam and are not intended to serve as a practice test.

Rationales for the questions can be found on pages 14–18 of this guide. In that section, the correct answer is identified and each answer is explained. The number in parentheses at the beginning of each rationale refers to the corresponding section of the content outline. For any questions you answer incorrectly, return to that section of the content outline for further study.

1. Which group is the primary focus of marketing that separates it from other business functions?
   1) competitors
   2) customers
   3) employees
   4) suppliers

2. When a company focuses its efforts on fulfilling the needs of a specific group of consumers, it is using which strategy?
   1) differentiating
   2) implementing
   3) positioning
   4) targeting

3. Born between 1977 and 2000, these children of the baby boomers are known by what name?
   1) generation X
   2) generation Y
   3) thirteeners
   4) baby busters

4. What is a source of secondary data collection?
   1) survey research
   2) observational research
   3) experimental research
   4) commercial database research

5. Which characteristic affecting consumer buying behavior includes factors such as age, occupation, lifestyle, and self-concept?
   1) cultural
   2) personal
   3) psychological
   4) social

6. Consumer demand for coffee remains the same after a price increase of 20 percent. Which demand curve does this scenario illustrate?
   1) derived
   2) elastic
   3) fluctuating
   4) inelastic
7. A company divides buyers into different groups based on consumer knowledge, attitudes, and responses to a product. Which type of segmentation variable is this organization using?
   1) behavioral
   2) demographic
   3) geographic
   4) psychographic

8. A shopper wants to know how many calories are in a package of frozen food. The shopper will find this information on which feature of the product?
   1) branding
   2) label
   3) packaging
   4) warranty

9. At what stage of the product development process are potential products presented to consumers either symbolically or physically in order to determine whether they would be interested in buying such a product?
   1) test marketing
   2) idea screening
   3) concept testing
   4) business analysis

10. Which pricing strategy is best to use when the market is highly price sensitive, production and distribution costs fall as sales increase, and the lower prices serve to keep out the competition?
     1) promotional pricing
     2) captive market pricing
     3) market-skimming pricing
     4) market-penetration pricing

11. A customer orders a new lawnmower over the phone from a lawn and garden supply manufacturer. What kind of marketing channel is being used?
     1) direct
     2) indirect
     3) conventional distribution
     4) vertical marketing system

12. Owners of Bayside, a small bait and fishing supply store, are deciding how much to spend on advertising in the coming year. They look at how much they expect to have once they deduct projected operating expenses and spending while setting aside a portion of the remaining funds for advertising. What method are they using to determine the advertising budget?
     1) affordable
     2) competitive-parity
     3) objective-and-task
     4) percentage-of-sales

13. The marketing department of an organization has established an objective of connecting with carefully targeted individual customers to obtain an immediate response and promote lasting customer relationships. This objective is an example of which promotional activity?
     1) advertising
     2) direct marketing
     3) public relations
     4) sales promotions

14. Amazon.com sells a wide variety of products and operates totally on the Internet. What type of company is Amazon.com?
     1) click-only
     2) click-and-mortar
     3) brick-and-mortar
     4) business-to-business (B2B)

15. Brazil, Russia, India, and China are referred to as the BRIC countries. Which form of industrial structure do these countries represent?
     1) subsistence economy
     2) raw material exporting economy
     3) emerging economy
     4) industrial economy

16. What market entry strategy is best if a company’s objectives are to be fully committed to global markets while maximizing control and profit potential?
     1) licensing
     2) joint ownership
     3) direct investment
     4) indirect exporting
17. A student is told that the cost to repair a computer is as much as the cost to buy a new computer. What social criticism of marketing does this illustrate?
   1) unsafe products
   2) deceptive practices
   3) high-pressure selling
   4) planned obsolescence

18. A store features its own line of “green” personal care and beauty products. Its website contains information about its values and a periodic report on the progress of its social campaigns including supporting a regional food bank and an animal shelter. Which type of marketing is the store practicing?
   1) consumer-oriented
   2) customer-value
   3) innovative
   4) sense-of-mission

19. Ford’s competitor, Toyota, has recently discovered an innovative way to improve its production capability. What component of the SWOT analysis is this to Ford?
   1) strengths
   2) weaknesses
   3) opportunities
   4) threats

20. In measuring marketing financial performance, which is usually considered a variable cost?
   1) rent
   2) depreciation
   3) cost of goods sold
   4) managerial salaries
**SECTION FOUR**

**Rationales**

1. (IA1)
   1) Competitors are other organizations that provide the same market with similar offerings.
   
   *2) The primary focus of marketing is a company's customers. Marketing is a process by which companies create value for customers and build strong customer relationships to benefit the organization.

3) Employees are internal members of an organization and are not the primary focus of marketing activities.

4) Suppliers are groups or individuals that provide the resources needed by a company to produce its goods and services.

2. (IB5)
   1) Differentiating involves distinguishing a company's products or services to create superior customer value.

   2) Implementing is the process that turns marketing strategies and plans into marketing actions in order to accomplish strategic marketing objectives.

   3) Positioning is arranging for a product to occupy a clear, distinctive, and desirable place relative to competing products in the minds of target customers.

   *4) Targeting involves assessing each market segment's appeal and choosing one or more segments to pursue. Companies should target those segments in which they can create the greatest customer value.

3. (IIA2a)
   1) Gen Xers were born between 1965 and 1976.

   *2) Gen Yers, also known as millennials, were born between 1977 and 2000. This group contains several age cohorts: tweens (age 9–12), teens (13–18), and young adults (19–32). With total purchasing power of more than $733 million, the gen Yers are an attractive market.

3) Thirteeners is another name for generation X since they are the thirteenth generation born since the US became a nation.

4) Baby busters is also another name for generation X.

4. (IIB2b)
   1) Companies employ survey research to learn about people’s knowledge, beliefs, and satisfaction. Survey research is a form of primary data collection and is the most extensively used method of collecting data.

   2) Companies use observational research to view and monitor people as they shop or as they consume products. Observational research is a form of primary data collection.

3) Companies use experimental research to identify cause-and-effect relationships. Experiments involve selecting matched groups of people, giving them different treatments, controlling for unrelated factors, and finally checking for differences in group responses. Experimental research is a form of primary data collection.
4) Companies can use commercial databases to conduct marketing research. These are computerized collections of information about consumer profiles, products, brand preferences, and other variables. Commercial databases contain secondary data that already exist, having been collected for other purposes.

5. (IIIC2c)
1) Cultural factors are a set of basic values, perceptions, ideas, attitudes, and behaviors learned and shared by members of a group. Characteristics include culture, subculture, and social class.

*2) Buyers’ decisions are influenced by personal factors such as age and life-cycle, occupation, economic status, lifestyle, and personality and self-concept.
3) Psychological factors are choices influenced by motivation, perception, learning and beliefs, and attitudes.
4) Social factors influence customer choices through small groups, family and social roles, and status.

6. (IID1b)
1) Derived demand is the business demand that results from consumer demand for goods or services. Marketers should closely monitor the buying patterns of consumers to forecast demand.
2) Elastic demand occurs when the demand for business goods and services changes considerably when a price change is implemented.
3) Fluctuating demand is a result of the demand for business goods and services changing more rapidly than the demand for consumer goods and services. A small percentage increase in consumer demand can cause large increases in business demand.

*4) Inelastic demand occurs when the demand for business goods or services is barely influenced by changes in price. In this scenario, consumers are not responsive to the increased price.

7. (IIIA1a)
*1) Behavioral segmentation involves dividing a market into segments based on consumer knowledge, attitudes, uses, or responses to a product. Understanding which product features are important to consumers is important because it can lead to new marketing decisions.
2) Demographic segmentation variables include age, sex, family size, education, race, and religion. Demographic factors are the most popular basis for consumer segmentation.
3) Geographic segmentation involves dividing the market into different geographical divisions including countries, states, cities, regions, and neighborhoods. Companies use geographic data in making decisions about where to market their products or services.
4) Psychographic segmentation variables include social class, lifestyle, and personality characteristics. Companies should be aware that consumers in the same demographic group may have very different psychographic characteristics.

8. (IIIB4)
1) Branding involves building and managing brands. A brand is a name, term, sign, symbol, or design that identifies the maker or seller of a product or service.

*2) A product’s label identifies the brand, who made it, where it was made, when it was made, its contents, and uses. The Nutritional Labeling and Educational Act of 1990 requires sellers to provide detailed nutritional information on the labels of food products.
3) Packaging is the container or wrapper for a product. Due to increased competition among sellers, packaging now must attract the consumer’s attention by describing the product and making the sale.
4) A warranty is a guarantee to a buyer by a seller stating that a product is what it claims to be and that it is free of defects or deficiencies. In most cases, the seller will offer to repair or replace a defective product within a given period of time after purchase.

*correct answer
9. (IIIB6a)
1) Test marketing is the stage of the new product development process in which the product and marketing program are tested in realistic market settings.

2) Idea screening is the stage of the new product development process in which new product ideas are identified and poor ones are dropped from consideration.

3) Concept testing is the stage of the new product development process in which concepts are presented to consumers in order to determine whether they would be interested in buying such a product.

4) Business analysis is the stage of the new product development process in which sales, costs, and profit projections for a potential new product are evaluated.

10. (IIIC3)
1) Promotional pricing involves temporarily reducing prices to increase short-run sales. It would not apply in this situation.

2) Captive-product pricing occurs when a company makes a product that must be used along with another product.

3) Market-skimming pricing involves setting a high price for a new product to maximize revenues and then gradually reducing the price over a period of time. It is not the best strategy in a market that is price sensitive.

4) Market-penetration pricing involves setting a low price for a new product in order to attract large numbers of buyers. In order for this to work, the market must be highly price sensitive, production and distribution costs must fall as sales increase, and the low price must help keep out the competition.

11. (IIID1b)
1) Direct marketing channels have no intermediaries: the company or manufacturer sells directly to the consumer as illustrated by this scenario.

2) Indirect channels have one or more intermediaries. In this scenario there are no intermediaries.

3) Conventional distribution channels consist of one or more producers, wholesalers, or retailers. Each is an independent business trying to maximize profits.

4) Vertical marketing systems consist of producers, wholesalers, or retailers working together. One channel member may own the others or have sufficient power to dominate the channel.

12. (IIIE4b)
1) The affordable method sets the promotional budget at a level that the company thinks it can afford. The exercise Bayside goes through in the question helps them determine how much they can afford to spend on advertising.

2) The competitive-parity method sets the promotional budget to match competitors’ spending. Bayside is not using competitors’ spending to determine their own promotional budget.

3) The objective-and-task method sets the promotional budget based on stated promotional objectives. Bayside is looking at what they can afford to determine their advertising budget, not what they hope to achieve with their advertising dollars.

4) The percentage-of-sales method sets the promotional budget at a certain percentage of current or forecasted sales, or as a percentage of the unit sales price. Bayside is determining their advertising budget as a percentage of their forecasted profits.
13. (IIIF)

1) Advertising is any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor.

2) Direct marketing involves direct contact with carefully selected consumers to generate a response such as a sale or request for further information. Forms of direct marketing include face-to-face selling, direct mailing, catalog marketing, TV and radio marketing, and online marketing.

3) Public relations builds good relations with the company's various publics by obtaining favorable publicity, building up a good corporate image, and handling or heading off unfavorable rumors, stores, and events.

4) Sales promotions are short-term incentives to encourage the purchase or sale of a product or service.

14. (IIIG)

1) Click-only companies operate solely on line without any brick-and-mortar presence. Dot-coms like Amazon sell directly to customers via the Internet.

2) Click-and-mortar companies are traditional brick-and-mortar companies that have added online marketing.

3) Traditional brick-and-mortar companies sell directly to customers and do not use any online resources to market their goods and services.

4) Business-to-business (B2B) companies do not sell to the general public, as Amazon.com does. B2B companies use the websites, e-mail, and other online resources to reach new business customers.

15. (IVA2)

1) Subsistence economies are those in which the greater part of a country's population is engaged in agriculture. The people consume most of their output and frequently trade for other simple goods and services. Subsistence economies offer very few market opportunities.

2) Raw material exporting economies have one or more abundant natural resources (for example, oil, coffee, minerals) but are poor in other ways. They export most of their natural resources which are their main source of income. These countries prove to be excellent markets for large equipment, trucks, and tools.

3) The BRIC countries include Brazil, Russia, India, and China. These countries have industrial structures known as emerging economies or industrializing economies. They are characterized by escalating manufacturing growth and overall economic development. As manufacturing increases, so does the need for more imports of steel and heavy machinery and fewer imports of textiles, paper products, and automobiles. Emerging economies typically produce a new rich class and a smaller, but expanding middle class.

4) Industrial economies are typically major producers and exporters of manufactured goods, services, and investment funds. They trade goods with other industrialized nations and with other types of economies for raw materials and other goods. Industrialized economies generally have a large middle class and they are prosperous markets for many different goods and services.

*correct answer
16. (IVB3)

1) Licensing allows a company to enter into an agreement in a foreign market by purchasing a license to use a company's manufacturing process, trademark, or other company property in exchange for a royalty or fee. The licensee gains information that allows it to start business with a competitive advantage and at low risk.

2) Joint ownership involves one company joining with foreign investors to create a local business in which both companies share joint ownership. This is a form of joint venturing and does not represent the amount of commitment, control, and profit potential as direct investment.

*3) Direct investment represents the most extensive involvement in a foreign market, because the domestic company invests in and owns a foreign-based assembly or manufacturing facility. Direct investment offers the greatest control and profit potential of all market entry strategies. The main disadvantage is that the company can face many risks such as devalued currency and governmental regulations.

4) Indirect exporting allows a company to work through independent international marketing intermediaries. It represents the lowest level of commitment, control, and profit potential.

17. (VB1)

1) A social criticism of marketing relates to unsafe products that can be harmful to their user.

2) Deceptive practices lead consumers to believe they will get more than they actually do.

3) High-pressure selling persuades people to buy goods that they had no thought of buying.

*4) Some companies practice planned obsolescence, causing their products to become obsolete or outdated before they should need replacement.

18. (VD1)

1) Consumer-oriented marketing is practiced by companies that view and coordinate their marketing activities from the consumer's perspective.

2) Customer-value marketing is practiced by companies that apply most of their resources to customer building strategies to promote customer loyalty and create value for customers.

3) Innovative marketing is practiced by companies that seek to continuously improve their products and services.

*4) Sense-of-mission marketing is practiced by companies that identify their missions in broad social terms rather than product terms. Brands that are linked to social-based missions serve the best interest of the products and the customers. The store in the scenario has as its mission social goals, which in turn may appeal to consumers and move the store forward in achieving its mission.

19. (VIA)

1) Strengths are a company's abilities, attributes, resources, or alliances that can help the company reach its objectives.

2) Weaknesses are a company's features, deficiencies, shortcomings, or competitive liabilities that may interfere with the company's ability to achieve its objectives.

3) Opportunities are external factors or dynamics that a company may use to its advantage in shaping the company's strategy.

*4) Threats are external factors or dynamics that could potentially challenge a company's performance, profitability, competitiveness, or growth.

20. (VIB)

1) Rent will not vary with production or sales levels and is, therefore, fixed.

2) Depreciation expenses do not vary with the production or sales levels and are, therefore, fixed.

*3) The more a company sells, the more product they must make or buy. This is a variable cost.

4) Managerial salaries do not vary with production or sales levels and are, therefore, fixed.
SECTION FIVE

Taking the Exam

Registering for Your Exam

Register Online

www.excelsior.edu/examregistration
Follow the instructions and pay by Visa, MasterCard, American Express, or Discover Card.

Examination Administration

Pearson Testing Centers serve as the administrator for all Excelsior College computer-delivered exams. The Disability Services office at Excelsior College is responsible for considering requests for reasonable accommodations (exceptions for individual students with documented disabilities). If you are requesting an accommodation due to a disability, download and complete a Request for Accommodation form that can be accessed by visiting the Excelsior College website at www.excelsior.edu/disability-services.

Computer-Delivered Testing

You will take the exam by computer, entering your answers using either the keyboard or the mouse. The system is designed to be as user-friendly as possible, even for those with little or no computer experience. On-screen instructions are similar to those you would see in a paper examination booklet.

We strongly encourage you to use the online tutorial before taking your exam at a Pearson Testing Center. To access the tutorial, go to www.pearsonvue.com/uexcel and click on the Pearson VUE Tutorial link on the right hand side of the page.

On the Day of Your Exam

Important Reminders

On the day of your exam, remember to:

• dress comfortably: the computer will not mind that you’re wearing your favorite relaxation outfit

• arrive at the test site rested and prepared to concentrate for an extended period

• allow sufficient time to travel, park, and locate the test center

• be prepared for possible variations in temperature at the test center due to weather changes or energy conservation measures

• bring your ID, but otherwise, don’t weigh yourself down with belongings that will have to be kept in a locker during the test.

Academic Honesty
Nondisclosure Statement

• All test takers must agree to the terms of the Excelsior College Academic Honesty Policy before taking an examination. The agreement will be presented on screen at the Pearson VUE Testing Center before the start of your exam.

• Once the test taker agrees to the terms of the Academic Honesty Nondisclosure Statement, the exam will begin.

If you choose not to accept the terms of the agreement

• your exam will be terminated

• you will be required to leave the testing center
• you will not be eligible for a refund. For more information, review the Student Policy Handbook at www.excelsior.edu/studentpolicyhandbook.

Student behavior is monitored during and after the exam. Electronic measures are used to monitor the security of test items and scan for illegal use of intellectual property. This monitoring includes surveillance of Internet chat rooms, websites, and other public forums.

Information About UExcel Exams for Colleges and Universities

A committee of teaching faculty and practicing professionals determines the learning outcomes to be tested on each exam. Excelsior College Center for Educational Measurement staff oversee the technical aspects of test construction in accordance with current professional standards. To promote fairness in testing, we take special care to ensure that the language used in the exams and related materials is consistent, professional, and user friendly. Editorial staff perform systematic quantitative and qualitative reviews to ensure accuracy, clarity, and compliance with conventions of bias-free language usage.

Excelsior College, the test developer, recommends granting three (3) semester hours of lower-level undergraduate credit to students who receive a letter grade of C or higher on this examination. The examination may be used to help fulfill a core requirement for Business degrees or as a free elective for all Excelsior College degree programs that allow for free electives. Other colleges and universities also recognize this exam as a basis for granting credit or advanced standing. Individual institutions set their own policies for the amount of credit awarded and the minimum acceptable score.

Principles of Marketing
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