

Chapter 7—Business Marketing

TRUE/FALSE

1. Shimano sells the fishing and golfing equipment it manufactures to sporting goods stores, which in turn sell the equipment to anglers and golfers. Shimano is engaged in business marketing.

ANS: T

Business marketing is the marketing of goods and services to individuals and organizations for purposes other than personal consumption. Shimano sells to a reseller that is not purchasing for its personal consumption.

PTS: 1 REF: 103 OBJ: 07-1 TOP: AACSB Reflective Thinking
KEY: CB&E Model Strategy MSC: BLOOMS Application

2. For a product to be called a business product, it must be used to manufacture other products, become part of another product, or facilitate the normal operations of a firm.

ANS: T PTS: 1 REF: 103 OBJ: 07-1
TOP: AACSB Reflective Thinking KEY: CB&E Model Product
MSC: BLOOMS Knowledge

3. The Internet has eliminated the need for distributors.

ANS: F

This has not occurred, although many experts thought it would. Relationships with knowledgeable distributors have remained important.

PTS: 1 REF: 106 OBJ: 07-2 TOP: AACSB Technology
KEY: CB&E Model Distribution MSC: BLOOMS Comprehension

4. A *keiretsu* is a network of interlocking corporate affiliates.

ANS: T PTS: 1 REF: 108 OBJ: 07-3
TOP: AACSB Reflective Thinking
KEY: CB&E Model International Perspective | CB&E Model Strategy
MSC: BLOOMS Knowledge

5. Any firm that purchases goods and services to make a profit by using them to produce other goods is part of the producer segment of the business market.

ANS: T PTS: 1 REF: 108 OBJ: 07-4
TOP: AACSB Reflective Thinking KEY: CB&E Model Customer
MSC: BLOOMS Knowledge

6. OEM stands for operationally efficient marketing.

ANS: F

OEM stands for original equipment manufacturer.

PTS: 1 REF: 108 OBJ: 07-4 TOP: AACSB Reflective Thinking
KEY: CB&E Model Customer MSC: BLOOMS Knowledge

7. The reseller market is the same as the retailer market.

ANS: F

The reseller market includes both retailers and wholesalers.

PTS: 1 REF: 108 OBJ: 07-4 TOP: AACSB Reflective Thinking
KEY: CB&E Model Distribution MSC: BLOOMS Comprehension

8. The government sector (federal, state, and local) is a minor segment of the business market.

ANS: F

The government is a major segment of the business market.

PTS: 1 REF: 108 OBJ: 07-4 TOP: AACSB Reflective Thinking
KEY: CB&E Model Customer MSC: BLOOMS Comprehension

9. The single largest customer in the world is the U.S. federal government.

ANS: T PTS: 1 REF: 109 OBJ: 07-4
TOP: AACSB Reflective Thinking KEY: CB&E Model Customer
MSC: BLOOMS Comprehension

10. NAICS is an industry classification system used by most nations of the world.

ANS: F

As its name indicates, NAICS (North American Industry Classification System) has been adopted only by the United States, Canada, and Mexico.

PTS: 1 REF: 110 OBJ: 07-5 TOP: AACSB Reflective Thinking
KEY: CB&E Model Strategy MSC: BLOOMS Knowledge

11. If DuPont runs advertisements encouraging people to buy clothing that contains Lycra (a DuPont product), this would be an attempt to influence secondary demand.

ANS: F

This is an attempt to influence derived demand.

PTS: 1 REF: 110 OBJ: 07-6 TOP: AACSB Reflective Thinking
KEY: CB&E Model Customer MSC: BLOOMS Application

12. A decline in the availability of tungsten will slow production of light filaments, which will in turn reduce the demand for light bulbs. This is an example of fluctuating demand.

ANS: F

This question describes joint demand, which occurs when two or more items are used together in a final product.

PTS: 1 REF: 111 OBJ: 07-6 TOP: AACSB Reflective Thinking
KEY: CB&E Model Customer MSC: BLOOMS Application

13. While consumer and business markets differ in many ways, the volatility of demand for products is about the same for each type of market.

ANS: F

The demand for business products tends to be more unstable than the demand for consumer products.

PTS: 1 REF: 111 OBJ: 07-6 TOP: AACSB Reflective Thinking
KEY: CB&E Model Customer MSC: BLOOMS Comprehension

14. Unlike consumer product channels of distribution, which usually have one or more intermediaries, channels of distribution for business products are often direct.

ANS: T PTS: 1 REF: 112 OBJ: 07-6
TOP: AACSB Reflective Thinking KEY: CB&E Model Distribution
MSC: BLOOMS Comprehension

15. Most business marketers emphasize personal selling in their promotion efforts.

ANS: T PTS: 1 REF: 113 OBJ: 07-6
TOP: AACSB Reflective Thinking KEY: CB&E Model Promotion
MSC: BLOOMS Comprehension

16. Another commonly used term for accessory equipment is installations.

ANS: F

Another commonly used term for major equipment is installations.

PTS: 1 REF: 113 OBJ: 07-7 TOP: AACSB Reflective Thinking
KEY: CB&E Model Product MSC: BLOOMS Knowledge

17. Individual producers of raw materials have great flexibility in pricing their products.

ANS: F

Prices of raw materials are set by the market, and individual producers have little pricing flexibility.

PTS: 1 REF: 113 OBJ: 07-7 TOP: AACSB Reflective Thinking
KEY: CB&E Model Pricing MSC: BLOOMS Comprehension

18. Items that are ready for assembly and retain their identities when incorporated into another product are called component parts.

ANS: T PTS: 1 REF: 113-114 OBJ: 07-7
TOP: AACSB Reflective Thinking KEY: CB&E Model Product
MSC: BLOOMS Knowledge

19. Consumable items that do not become part of the final product are called supplies.

ANS: T PTS: 1 REF: 115 OBJ: 07-7
TOP: AACSB Reflective Thinking KEY: CB&E Model Product
MSC: BLOOMS Knowledge

20. Because formal committees are often established to purchase business products, members of buying centers can be readily identified on formal organizational charts.

ANS: F

Buying centers do not appear on formal organizational charts.