

Chapter 11—Developing and Managing Products

TRUE/FALSE

1. A product must be a discontinuous innovation to be considered a “new” product.

ANS: F

There are six categories of new products, only one of which is new-to-the-world discontinuous innovative products.

PTS: 1 REF: 171 OBJ: 11-1 TOP: AACSB Reflective Thinking
KEY: CB&E Model Product MSC: BLOOMS Comprehension

2. The development of garlic-butter flavored crescent rolls by Pillsbury would not be considered a new product since the company was already making crescent rolls. It would simply be called a line extension.

ANS: F

Line extensions are considered to be a type of new product.

PTS: 1 REF: 171-172 OBJ: 11-1 TOP: AACSB Reflective Thinking
KEY: CB&E Model Product MSC: BLOOMS Application

3. Central Bark is a dog day care center. When you check your dog into a Central Bark you know your pooch will be pampered. Since kennels have been boarding dogs for years, the dog day care is not really a new product.

ANS: F

There are many types of new product ranging from new-to-the-world products to low-price products.

PTS: 1 REF: 171-172 OBJ: 11-1 TOP: AACSB Reflective Thinking
KEY: CB&E Model Product MSC: BLOOMS Application

4. Very few firms follow a formal new-product development process.

ANS: F

Most companies follow a formal new-product development process.

PTS: 1 REF: 172 OBJ: 11-2 TOP: AACSB Reflective Thinking
KEY: CB&E Model Product MSC: BLOOMS Comprehension

5. A firm’s new-product strategy links the new-product development process with the objectives of the marketing departments, the business unit, and the corporation.

ANS: T PTS: 1 REF: 172 OBJ: 11-2
TOP: AACSB Reflective Thinking KEY: CB&E Model Product | CB&E Model Strategy
MSC: BLOOMS Comprehension

6. For a firm that adheres to the product concept, the logical place to start generating new-product ideas is with the customers of the firm.

ANS: F

Firms adhering the marketing concept logically start generating new-product ideas from customers.

PTS: 1 REF: 173 OBJ: 11-2 TOP: AACSB Reflective Thinking
KEY: CB&E Model Product MSC: BLOOMS Comprehension

7. The two techniques considered most useful for generating new-product ideas are customer-generation and competitive imitation.

ANS: F

The two techniques considered most useful for generating new-product ideas are brainstorming and focus group exercises.

PTS: 1 REF: 174 OBJ: 11-2 TOP: AACSB Reflective Thinking
KEY: CB&E Model Product MSC: BLOOMS Comprehension

8. Seven employees from a company are trying to come up with ideas for new-product development. The employees are all in a room together, shouting out potential ideas. The ideas are written down and evaluated as they are generated. This is an example of brainstorming.

ANS: F

Brainstorming does not involve evaluation of the ideas as they are generated; criticism of any kind is avoided.

PTS: 1 REF: 174 OBJ: 11-2 TOP: AACSB Reflective Thinking
KEY: CB&E Model Product MSC: BLOOMS Application

9. Most new-product ideas are rejected at the idea generation stage.

ANS: F

Most are rejected at the idea screening stage.

PTS: 1 REF: 174-175 OBJ: 11-2 TOP: AACSB Reflective Thinking
KEY: CB&E Model Product MSC: BLOOMS Comprehension

10. It is considered inefficient to use concept tests during the idea screening stage of the new-product development process.

ANS: F

During the idea screening stage of the new-product development process, it is appropriate to use concept tests.

PTS: 1 REF: 175 OBJ: 11-2 TOP: AACSB Reflective Thinking
KEY: CB&E Model Product MSC: BLOOMS Comprehension

11. Concepts tests are considered fairly good predictors of success for line extensions and for products that do not require major changes in consumer behavior.

ANS: T PTS: 1 REF: 175 OBJ: 11-2
TOP: AACSB Reflective Thinking KEY: CB&E Model Product
MSC: BLOOMS Comprehension

12. Andersen Electronics is currently engrossed in its first estimations of costs and revenues for a new amusement park video skill game. This firm is engaged in a new-product business analysis.

ANS: T PTS: 1 REF: 175 OBJ: 11-2
TOP: AACSB Reflective Thinking KEY: CB&E Model Product
MSC: BLOOMS Application

13. Basically, all that happens in the development stage of the new-product process is that the first prototype of the product is developed.

ANS: F

Not only is a prototype developed, where appropriate, but also preliminary decisions on every aspect of the four Ps are developed at this stage.

PTS: 1 REF: 175 OBJ: 11-2 TOP: AACSB Reflective Thinking
KEY: CB&E Model Product MSC: BLOOMS Comprehension

14. A test market is one example of a laboratory test where consumers are encouraged to try a new product and provide feedback to the manufacturer.

ANS: F

A test market is not a laboratory test.

PTS: 1 REF: 177 OBJ: 11-2 TOP: AACSB Reflective Thinking
KEY: CB&E Model Product MSC: BLOOMS Knowledge

15. One benefit of test marketing is that the marketing activity is shielded from competitors.

ANS: F

Test marketing may result in a serious problem if a firm's competitors find out about the new product before it has been fully introduced.

PTS: 1 REF: 177 OBJ: 11-2 TOP: AACSB Reflective Thinking
KEY: CB&E Model Product MSC: BLOOMS Comprehension

16. The Internet offers a fast, cost-effective way to conduct test marketing.

ANS: T PTS: 1 REF: 178 OBJ: 11-2
TOP: AACSB Technology
KEY: CB&E Model Product | CB&E Model Online/Computer MSC: BLOOMS Comprehension

17. The most important factor in successful new-product introductions is a good match between product characteristics and market needs.

ANS: T PTS: 1 REF: 178 OBJ: 11-2
TOP: AACSB Reflective Thinking KEY: CB&E Model Product
MSC: BLOOMS Evaluation

18. Increasing globalization of markets and competition provides a reason for multinational firms to consider new-product development from a worldwide perspective.

ANS: T PTS: 1 REF: 179 OBJ: 11-3
TOP: AACSB Reflective Thinking
KEY: CB&E Model Product | CB&E Model International Perspective
MSC: BLOOMS Comprehension

19. Adaptation is the process by which the adoption of an innovation spreads.