

1. A printing company was fined \$2 million for dumping toxic waste in the local river. What federal environmental regulation did the company violate?
  - A. Endangered Species Act
  - B. Clean Air Act
  - C. Food Quality Act
  - D. Clean Water Act
2. A business that sells heavy, bulky goods is most likely to ship those goods by
  - A. pipe.
  - B. truck.
  - C. air.
  - D. rail.
3. How has the use of the Internet impacted the distribution process?
  - A. It has enabled end users to negotiate product terms and pricing with each member of the supply chain.
  - B. It has created a need for concentrated shipment destinations and warehousing accommodations.
  - C. It has changed the shipment types from smaller diverse lots to larger bulk lots.
  - D. It has shifted the supply chain from a predictable ordering schedule to one that is more flexible.
4. Which of the following is a marketing activity that specialty-advertising businesses should coordinate with distribution:
  - A. Purchasing
  - B. Promotion
  - C. Management
  - D. Organizing
5. One of the benefits of using the selective distribution strategy is that it usually creates \_\_\_\_\_ among channel members.
  - A. aggressive behavior
  - B. intense competition
  - C. pricing wars
  - D. strong relationships
6. Why do public relations agencies often ask employees to write proposals?
  - A. To provide an answer to a problem
  - B. To report on the progress of a project
  - C. To share information with coworkers
  - D. To explain the discovery of a new technique
7. Why do salespeople often add postscripts as selling techniques to their sales letters?
  - A. To encourage the reader to take immediate action
  - B. To ask the reader to complete a product survey
  - C. To introduce product appeal and value
  - D. To provide specific information about product attributes
8. Advertising-agency supervisors can encourage employees to comply with their instructions by putting the directions in the form of a(n)
  - A. demand.
  - B. survey.
  - C. order.
  - D. request.
9. When conducting a meeting to plan a client's advertising campaign, it is often helpful for the meeting leader to
  - A. encourage the participants to ask questions about unrelated topics.
  - B. distribute the agenda at the end of the meeting.
  - C. schedule the next meeting before discussing items on the agenda.
  - D. summarize the discussion results at the end of the meeting.
10. What can a creative-boutique's employees do to help provide good service to clients?
  - A. Lower prices
  - B. Resolve problems
  - C. Plan events
  - D. Offer discounts
11. How should an advertising agency's account representative handle a situation in which the client has little to say?
  - A. Try to close as soon as possible
  - B. Wait until the client is ready to "open up"
  - C. Put the client at ease by doing all the talking
  - D. Ask questions that can't be answered "yes" or "no"
12. If a product is available at the right time, consumers can receive the
  - A. fastest delivery.
  - B. necessary value.
  - C. desired profit.
  - D. maximum benefit.

13. What do service businesses sell?
- A. Goods connected with services
  - B. Retail merchandise
  - C. Intangible activities
  - D. Wholesale merchandise
14. What remains after an advertising agency subtracts all the money that it pays out from all the money that comes in?
- A. Income
  - B. Revenue
  - C. Profit
  - D. Expenses
15. The production manager of a large advertising agency prepares a monthly calendar according to the owner's requirements. What level of depth and scope are involved in this task?
- A. High depth, high scope
  - B. Low depth, high scope
  - C. Low depth, low scope
  - D. High depth, low scope
16. One way that inflation impacts specialty-advertising businesses is by
- A. decreasing free trade.
  - B. increasing prices.
  - C. increasing productivity.
  - D. decreasing labor costs.
17. Which of the following is an example of people using persuasion in business:
- A. Requesting product specifications from a vendor or manufacturer
  - B. Delivering or distributing specialty advertising products to a customer on a timely basis
  - C. Distributing a report to advertising agency officers that recommends policy changes
  - D. Presenting the advertising agency's annual financial statement to the board of directors
18. Advertising agency employees who have different opinions about how a certain task should be performed often negotiate in order to
- A. reach a compromise.
  - B. avoid rejection.
  - C. make a statement.
  - D. create opposition.
19. What do employees sometimes need to help them put their knowledge into action on the job?
- A. Coaching
  - B. Cross training
  - C. Counseling
  - D. Consensus building
20. Individuals who develop effective political relationships within an organization usually are able to
- A. overcome stress.
  - B. eliminate conflict.
  - C. earn compensation.
  - D. obtain power.
21. What is one of the disadvantages of accounts receivable financing?
- A. Borrower must repay the loan in regular installments.
  - B. Lender requires the borrower to own real estate.
  - C. Lender usually charges a high rate of interest.
  - D. Borrower must own inventory worth more than the loan.
22. When preparing a cash-flow statement, an advertising agency would list the liquidation of assets as
- A. income.
  - B. sales.
  - C. utilities.
  - D. expenses.
23. Before mailing an invoice to a client, one way that a printing company can determine if there is a problem with the invoice is by checking it against the
- A. COD form.
  - B. shipping log.
  - C. purchase order.
  - D. delivery receipt.
24. To project overall spending levels, a specialty-advertising company should first analyze its
- A. want slips.
  - B. comparison shopping.
  - C. consumer surveys.
  - D. past sales records.

25. Calculate the total amount of cash outflow if a printing company purchases \$68,750 worth of equipment and negotiates with the vendor to pay 85% of that amount in 45 days.
- A. \$7,683.00  
B. \$8,937.50  
C. \$9,625.00  
D. \$10,312.50
26. A large advertising agency currently employs 1,500 people and estimates that 82 will be eligible to retire within a year. How many new employees will the agency need to hire if it expects an additional 7% will leave for other reasons?
- A. 105  
B. 128  
C. 150  
D. 187
27. Why do advertising agencies maintain information about employees' deductions for health coverage, pension plan, and stock options?
- A. To calculate employees' financial status  
B. To verify employees' contributions  
C. To borrow funds to cover costs  
D. To keep track of income from interest
28. If a graphic design firm's managers find that their solutions to employee complaints are ineffective, what should they do?
- A. Restate the consequences for failure to comply.  
B. Ask employees to work harder.  
C. Give the solutions additional time.  
D. Reject the solutions and start over.
29. What function does a supervisor perform after planning and organizing work in order to achieve the advertising agency's goals?
- A. Regulation  
B. Inspection  
C. Delegation  
D. Production
30. The manager of a specialty-advertising company wanted to add a new product line but first decided to find out if the line had been successful in similar businesses. Why would the manager need this kind of information?
- A. To develop community relations  
B. To design attractive displays  
C. To meet the target market's wants and needs  
D. To prepare advertising materials
31. What do specialty-advertising businesses need to do to behave ethically when collecting marketing information from customers?
- A. Sell customer information only to reliable organizations  
B. Gather data from only a few customers in one area  
C. Avoid telling customers who is sponsoring the research project  
D. Make sure customers know how the information will be used
32. So a graphic design business can retrieve current customer and internal marketing information from a central location, it may use which of the following technological tools:
- A. Presentation software  
B. A database  
C. Opt-in e-mail  
D. A CAD program
33. A large public relations agency with locations in many cities probably would develop a marketing-information management system that had extensive \_\_\_\_\_ capabilities.
- A. cultural analysis  
B. product development  
C. opinion sampling  
D. data-processing
34. Advertising agencies often maintain current demographic information to make decisions about the most effective strategy to use to
- A. analyze the economy.  
B. reach the target market.  
C. negotiate with suppliers.  
D. purchase new equipment.

35. When making marketing decisions, media buyers often analyze research that is expressed as a mean, median, or mode, which are estimates often referred to as the
- A. predictability curve.
  - B. graphic representation.
  - C. central tendency.
  - D. distribution share.
36. What should advertising agencies try to achieve when manipulating data for information analysis?
- A. Exploratory research
  - B. Secondary information
  - C. Program development
  - D. Accurate interpretation
37. Marketing is described as creating
- A. exchanges.
  - B. needs.
  - C. gaps.
  - D. advertisements.
38. A market is composed of potential customers who have
- A. college educations.
  - B. homes in the area.
  - C. money to spend.
  - D. incomes over \$20,000.
39. Why is it important for advertisers to identify market segments?
- A. Necessary to arrange delivery services
  - B. Unrealistic to mass produce products
  - C. Impossible to appeal to all consumers
  - D. Important to locate regional vendors
40. One of the benefits to a advertising agency of developing a marketing plan is that it allows the advertising agency to
- A. monitor its performance.
  - B. identify its vendors.
  - C. prepare its promotion.
  - D. forecast its profits.
41. Which of the following factors should a specialty-advertising company consider when conducting a comprehensive market analysis:
- A. Competitors, policy, and reach
  - B. Strategy, demand, and frequency
  - C. Policy, frequency, and segment size
  - D. Segment size, competitors, and demand
42. The XYZ graphic design firm reviews the fees that other graphic-design firms are charging for similar services that XYZ offers. This is an example of a business conducting a(n) \_\_\_\_\_ analysis.
- A. industry
  - B. technological
  - C. competitive
  - D. relationship
43. The MSV specialty-advertising company developed a sales forecast by considering the opinions of industry experts. This is an example of which of the following sales-forecasting methods:
- A. Qualitative
  - B. Conditional
  - C. Industrial
  - D. Quantitative
44. If an advertising agency earned \$678,548 in profit last year, and it plans to allocate 12 percent of the profit to the marketing budget, how much money will be allocated to the marketing budget?
- A. \$82,010.64
  - B. \$81,425.76
  - C. \$80,682.20
  - D. \$83,749.80
45. Which of the following is an appropriate question for advertisers to ask when they are thinking about changing a product's image in the minds of customers:
- A. What position do we want to have?
  - B. How much will customers pay?
  - C. Where will customers buy the product?
  - D. How can we tie in with competitors' promotions?
46. One current trend in advertising is not to focus on attempting to increase sales of a good or service but to
- A. retain employees.
  - B. discourage competitors.
  - C. promote the overall organization.
  - D. increase capital investment.

47. What is your primary source of marketing-research information once you have started your own advertising agency?
- A. Online surveys
  - B. Current customers
  - C. Employees
  - D. Accounting records
48. Which of the following is one of the advantages to an advertising agency of using computer software to plan media budgets:
- A. Reliably evaluates content of an ad
  - B. Accurately interprets meaning of numbers
  - C. Quickly calculates reach and frequency
  - D. Often decides which medium is best for the message
49. Specialty advertising businesses keep records about goods that are ordered, the negotiated purchase price, the condition of the items when received, and the delivery date in order to
- A. organize departments.
  - B. satisfy suppliers.
  - C. monitor employees.
  - D. protect themselves.
50. By using a software program that prevents employees from forwarding documents over the Internet, advertising agencies are able to
- A. stop an incoming virus.
  - B. track employees' e-mail.
  - C. maintain data security.
  - D. control internal communication.
51. Full-service advertising agencies should keep records of accidents and injuries in order to identify unsafe situations and to
- A. correct hazards.
  - B. complete paperwork.
  - C. answer questions.
  - D. administer first aid.
52. A type of security problem that involves deceiving or cheating a creative boutique out of money or property is
- A. pilferage.
  - B. burglary.
  - C. robbery.
  - D. fraud.
53. Developing efficient production processes is important to printing companies because it helps them to be
- A. innovative.
  - B. responsible.
  - C. flexible.
  - D. competitive.
54. This year a graphic-design firm spends \$423,500 in salaries, \$88,000 in rent, \$15,250 to maintain a web site, and gives employees \$60,000 in bonuses. What are the fixed costs?
- A. \$526,750
  - B. \$586,750
  - C. \$571,500
  - D. \$511,500
55. How does borrowing money to purchase a facility often result in a tax savings for a media-buying firm?
- A. Maintenance fees are part of the monthly payment.
  - B. Ownership improves a business's credit rating.
  - C. Mortgages require a substantial security deposit.
  - D. Interest paid on a mortgage is tax deductible.
56. One of the ways creativity is useful in marketing occupations is in accomplishing \_\_\_\_\_ activities.
- A. mathematical
  - B. immediately apparent
  - C. public relations
  - D. routine
57. A time-management principle that you might consider applying when working on a major project is
- A. stopping periodically to review progress.
  - B. setting a time limit for the project.
  - C. reorganizing your desk.
  - D. breaking large tasks into smaller ones.
58. Most advertising agencies today are looking for employees who have at least basic \_\_\_\_\_ skills.
- A. management
  - B. accounting
  - C. computer
  - D. legal

59. Which of the following is a nonprofit organization that links noncommercial sponsors of ad campaigns with advertising agencies and the media:
- A. Office of Consumer Affairs
  - B. Federal Trade Commission
  - C. Advertising Council
  - D. Federal Communications Commission
60. Which of the following factors should a creative boutique consider when setting final fees for its clients:
- A. Competition
  - B. Specialization
  - C. Management
  - D. Assortment
61. Why do many specialty advertising businesses use computerized systems to mark prices on products?
- A. To monitor vendors
  - B. To increase turnover
  - C. To reduce costs
  - D. To eliminate theft
62. Which of the following factors related to a specialty-advertising business's objectives and strategies affects its pricing:
- A. Product mix
  - B. Channel members
  - C. Supply
  - D. Fixed costs
63. Calculate the break-even point in units for a business given the following: total fixed costs of \$42,000, unit selling price of \$20, and variable unit cost of \$14.
- A. 8,000 units
  - B. 1,400 units
  - C. 7,500 units
  - D. 7,000 units
64. What is the percent of markdown if a product has been reduced from a price of \$450 to \$360?
- A. 8%
  - B. 15%
  - C. 20%
  - D. 25%
65. When the XYZ Company compares its specialty advertising items with the QRS Corporation's line of specialty advertising goods, it is generating product ideas by analyzing its
- A. target market.
  - B. customers' needs.
  - C. research policies.
  - D. direct competition.
66. A specialty advertising business that offers a great many items in a product line has a \_\_\_\_\_ product mix.
- A. deep
  - B. shallow
  - C. broad
  - D. narrow
67. In order for a creative boutique to identify a specific service to provide its clientele, there must be product
- A. obsolescence.
  - B. demand.
  - C. modification.
  - D. distribution.
68. When planning a business's product mix, the specialty advertising business must make decisions about components such as the product line, packaging, and
- A. credit terms.
  - B. tag line.
  - C. publicity goals.
  - D. brand development.
69. When considering the services to offer clients, an advertising agency should determine if a specific service would
- A. stabilize variable interest rates.
  - B. increase the amount of client returns.
  - C. offend the advertising agency's existing competitors.
  - D. enhance client-satisfaction levels.
70. The company or organization that produces a branded product is identified by a
- A. trade name.
  - B. copyright.
  - C. U.L. label.
  - D. generic name.

71. Can word-of-mouth information about poor customer service hurt a specialty-advertising business?
- A. Yes, because dissatisfied customers are likely to tell others about their bad experiences.
  - B. No, because managers don't have the power to improve customer service.
  - C. No, because customer service has little to do with where customers choose to shop.
  - D. Yes, because sales decrease as customer-satisfaction levels increase.
72. When developing positioning strategies in relation to the competition, it might be best if a small business
- A. focuses its efforts on eliminating its major competitors.
  - B. avoids competing directly with the industry leader.
  - C. refuses to engage in price wars with its international competitors.
  - D. uses negative advertising tactics to attack the industry leader.
73. To successfully build a brand, a business must
- A. understand its customers.
  - B. communicate inconsistent core values.
  - C. appeal to its competitors' touch points.
  - D. minimize its strengths.
74. One way that traditional advertising agencies are able to provide standardized services as well as personalized services to clients is by
- A. reassigning account executives.
  - B. hiring additional employees.
  - C. expanding production facilities.
  - D. working with creative boutiques.
75. One of the characteristics of successful promotion is that it should be
- A. pervasive.
  - B. original.
  - C. obsolete.
  - D. persuasive.
76. When planning the promotional mix, a business should consider which of the following target market factors:
- A. The type and number of consumers and their location
  - B. The type of product
  - C. The stage of the product's life cycle
  - D. The company history
77. Which of the following is a sales promotion technique that businesses often use to encourage customers to buy:
- A. Event marketing
  - B. Cooperative activities
  - C. Trade incentives
  - D. Specialty advertising
78. An advantage to specialty-advertising businesses of using direct mail is that it
- A. holds the reader's attention in most situations.
  - B. has a higher response rate than mass media.
  - C. requires mailing lists to be continuously updated.
  - D. is less expensive than other forms of promotion.
79. The disadvantage to a business of buying television advertising at preemption rates is that the television station can
- A. cancel the advertiser's contract.
  - B. resell the time to a higher bidder.
  - C. run the ad at any time.
  - D. change the price for the time.
80. If a business signs a contract with a local newspaper to buy 25,000 inches of advertising per year, what will the cost to the business be if it receives a 45% discount off the per inch rate of \$34.80?
- A. \$434,800
  - B. \$478,500
  - C. \$425,300
  - D. \$487,600
81. Over the past five years, the Lowry Company has varied the amount of money budgeted for advertising according to its level of sales. This means that Lowry's advertising budget
- A. varies according to what the competition spends.
  - B. reflects changing goals for the business.
  - C. decreases as sales increase from year to year.
  - D. depends upon the funds available from sales.

82. What do businesses usually do to encourage the media to attend and cover dedication ceremonies for a new facility?
- A. Make telephone calls
  - B. Write feature stories
  - C. Send news releases
  - D. Schedule guest speakers
83. Which of the following is an example of good publicity:
- A. An article about the corrupt behavior of a graphic-design firm's CEO
  - B. An announcement that an advertising agency is giving a scholarship
  - C. A report about a company's defective products
  - D. A negative review of a business's advertising campaign
84. To promote a new movie release, an advertising agency coordinates activities such as distributing character merchandise and other promotional items in a chain of restaurants. This is an example of a
- A. tie-in.
  - B. sales event.
  - C. dual advertisement.
  - D. cause campaign.
85. Making sure that visual displays reflect the theme expressed in a business's advertisements is an important step in
- A. coordinating promotional activities.
  - B. arranging goods on the sales floor.
  - C. negotiating with local media.
  - D. designing inventory control systems.
86. Sales, awareness, and response rates are ways that marketers measure and evaluate the
- A. dynamics of business segments.
  - B. performance of a vendor.
  - C. accuracy of a database.
  - D. effectiveness of a promotional mix.
87. A specialty-advertising business had sales this year of \$923,750 and expects a 7.5% increase in sales next year. How much should the business budget for promotions next year if it spends 8% of sales on promotions?
- A. \$83,076.75
  - B. \$74,743.25
  - C. \$80,635.40
  - D. \$79,442.50
88. A business earns \$1,250 in advertising credit in one year with a manufacturer, and the manufacturer will pay up to 50% of the cost of a yearly telephone directory ad. How much will the business save by using co-op advertising if the directory ad costs \$950?
- A. \$475
  - B. \$500
  - C. \$950
  - D. \$1,250
89. The phrase "Just Do It" that is used by Nike is an example of a
- A. logo.
  - B. headline.
  - C. brand.
  - D. slogan.
90. What type of headline promotes an advantage to the reader of using the advertised good or service?
- A. Command
  - B. Information
  - C. News
  - D. Benefit
91. An effective layout for a print advertisement would place the ad's most important element at or near the
- A. top of the ad.
  - B. optical center.
  - C. bannerhead.
  - D. bottom of the ad.
92. What is the best example of e-mail consistency?
- A. Sending messages on the same day of the week
  - B. Routing subscriptions to unauthorized customers
  - C. Using a variety of writing styles, fonts, and formats
  - D. Establishing a hyperlink in the first paragraph of the message
93. What do graphic designers often use in catalogs to make them attractive and appealing to customers?
- A. Color separation
  - B. Offset lithography
  - C. High-quality photography
  - D. Copy-dominant layout



94. Selling that meets customers'/clients' needs contributes to the
- A. size of the target market.
  - B. national debt.
  - C. success of the business.
  - D. relative price of products.
95. One way that a creative boutique's account executives can build client relationships through the use of effective customer service is to
- A. spend a lot of time visiting with clients.
  - B. look for new techniques that benefit clients.
  - C. help the creative boutique hire productive employees.
  - D. identify methods of saving money for the creative boutique.
96. A business that advertises that "The customer is always right" is promoting one of its
- A. selling policies.
  - B. planning systems.
  - C. media channels.
  - D. business goals.
97. Which of the following might be considered an unethical way for a specialty-advertising business to deal with its salespeople:
- A. Expecting salespeople to reach a certain quota
  - B. Monitoring profitability of each territory
  - C. Terminating a salesperson for poor performance
  - D. Turning a major account into a house account
98. Sizing up a client's personality helps an advertising agency's account representative to
- A. influence the client's needs.
  - B. adjust the client's attitude.
  - C. bypass part of the selling process.
  - D. adjust the approach to fit the client.
99. Brian spends most of his work time on strategic planning for the advertising agency. Which of the following is most likely to be Brian's position in the advertising agency:
- A. Production assistant
  - B. First-line supervisor
  - C. graphic artist
  - D. Vice president
100. A creative boutique had a net profit of \$76,000 last year on sales of \$680,000, and this year had a net profit of \$84,000 on sales of \$700,000. What is the percent of increase in net profit?
- A. 2%
  - B. .5%
  - C. 1.5%
  - D. 1%

1. D

Clean Water Act. The printing company violated the Clean Water Act by dumping toxic waste into a river. The Clean Air Act regulates emissions and other air pollutants. The Food Quality Act regulates the quality of the food supply. The Endangered Species Act protects animals, fish, and birds in danger of becoming extinct.

SOURCE: BL:073

SOURCE: Jennings, M.M. (2000). *Business: Its legal, ethical and global environment* (5th ed.) [pp. 355-357]. Cincinnati: West Legal Studies in Business, South-Western College Publishing.

2. D

Rail. Rail carriers are generally used to carry heavy, bulky goods because they have the capability and charge relatively low fees. Trucks and other motor vehicles are used to haul a wide variety of goods of ordinary weight. Even though airlines are expensive, they are often used for fragile, perishable, or emergency shipments because they are fast. Pipelines carry only liquids or gases.

SOURCE: CM:001

SOURCE: Farese, L. S., Kimbrell, G., & Woloszyk, C. A. (2009). *Marketing essentials* (pp. 458-471). Woodland Hills, CA: Glencoe/McGraw-Hill.

3. D

It has shifted the supply chain from a predictable ordering schedule to one that is more flexible. The inception of the Internet has altered the dynamics of product distribution. Because of technological advancement, customers demand faster delivery and service as well as product customization. To stay competitive, businesses are accommodating these demands. As a result, the distribution process has changed dramatically, including the way businesses order products. Businesses previously ordered products on a set or predictable schedule. Technological advancements, such as the Internet, have made the ordering process more sporadic and flexible. Since the ordering process is sporadic, businesses are generally shipping smaller lots of some products instead of the larger bulk lots. Because of increased order flexibility and small shipments, shipment destinations are more dispersed, or spread out, over a large area. Drop shipping products directly to customers is becoming more common. When orders are processed in bulk, concentrated destinations, such as large, regional warehousing facilities, are generally used. Technological advancements have not encouraged end users to negotiate terms and pricing with all channel members.

SOURCE: CM:004

SOURCE: Coyle, J., Bardi, E. & Langlely, C. (2003). *The management of business logistics: A supply chain perspective* (7th ed.) [p. 458]. South-Western.

4. B

Promotion. Promotion is a marketing function that communicates information about goods, services, images, and/or ideas to achieve a desired outcome. Because most businesses plan their promotional activities well in advance, they need to coordinate that effort with distribution. Problems may arise if advertising or special events are planned to promote goods that are not available on schedule. Specialty-advertising businesses should make sure that goods will be delivered on time to coordinate with promotional activities. Purchasing is a business activity rather than a marketing activity. Management is the process of coordinating resources in order to accomplish an organization's goals. Organizing is the management function of setting up the way the business's work will be done.

SOURCE: CM:007

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2006). *Marketing essentials* (p.367 ). New York: Glencoe/McGraw-Hill.

5. D  
Strong relationships. A selective distribution strategy involves limiting the number of businesses that handle, or sell, a product. This type of strategy usually builds strong relationships between the manufacturer and the channel members that are chosen to sell a product. This strategy is often used to make a product stand out because it is only available from certain businesses. Selective distribution tends to reduce competition and aggressive behavior because only a few channel members sell the product. As a result, there is no need for pricing wars.  
SOURCE: CM:009  
SOURCE: Boone, L.E., & Kurtz, D.L. (2002). *Contemporary marketing* (pp. 398-400). Mason, OH: South-Western.
6. A  
To provide an answer to a problem. Proposals are intended to answer questions or provide recommendations to solve problems. Public relations agencies often ask employees to research a particular situation or problem. After employees investigate and gather information, they write proposals that explain the problem and the solutions. The proposal is intended to persuade the agency to follow the recommendations. Progress reports often explain the progress of projects or share information with coworkers. Laboratory reports are intended to explain the discovery of a new technique.  
SOURCE: CO:062  
SOURCE: Hyden, J.S., Jordan, A.K., Steinauer, M.H., & Jones, M.J. (1999). *Communicating for success* (2nd ed.) [pp. 510-511]. Cincinnati: South-Western Educational.
7. A  
To encourage the reader to take immediate action. A postscript (P.S.) is usually considered an afterthought upon completion of the letter. In a sales letter, the postscript is often used as a selling technique. The postscript is often used to reinforce product appeal, draw attention to letter enclosures, or encourage the reader to purchase the product. For example, a postscript might say, "Call the toll-free number now to order your own widgets and receive a 25 percent discount." Product appeal and value and specific information (e.g., product attributes) should be introduced in the body of the letter. Although surveys can be included in sales letters, the surveys are used to gather information rather than sell a product.  
SOURCE: CO:179  
SOURCE: Lesikar, R.V., Pettit, J.D., Jr., & Flatley, M.E. (1999). *Lesikar's basic business communication* (8th ed.) [pp. 169-170]. Boston: Irwin/McGraw-Hill.
8. D  
Request. Employees often respond more favorably to directions when they are phrased as requests. Advertising-agency supervisors frequently use terms such as "will you" and "would you" when giving job instructions to employees. These terms of request make the employees feel more a part of the decision-making process and more willing to comply with the instructions. Advertising-agency supervisors often try to avoid issuing demands and orders because they may have a negative effective on employee performance. A survey is a method used to gather information.  
SOURCE: CO:139  
SOURCE: Hyden, J.S., Jordan, A.K., Steinauer, M.H., & Jones, M.J. (1999). *Communicating for success* (2<sup>nd</sup> ed.) [pp. 115-117]. Cincinnati: South-Western Educational.
9. D  
Summarize the discussion results at the end of the meeting. During a meeting, participants make decisions, receive assignments, discuss procedures, and establish deadlines. To make sure everyone understands topics and information that was covered in the meeting, the meeting leader (e.g., account executive) should summarize the meeting results. The meeting planner should distribute the agenda several days before the meeting so that the participants can develop ideas and gather necessary information. If a follow-up meeting is necessary, the meeting leader and participants usually schedule it at the end of the current meeting. It is important for participants to ask questions if they need clarification, but the questions should be related to the meeting topic.  
SOURCE: CO:052  
SOURCE: Gido, J., & Clements, J.P. (2003). *Successful project management* (2nd ed.) [pp. 365-367]. Mason, OH: South-Western.

10. B  
Resolve problems. Providing good service includes resolving problems and complaints. Some clients will be very upset about a problem, and a creative-boutique's employees must be prepared to find solutions without getting as upset as the client. Solving problems satisfies clients and gives them the service they deserve. A creative-boutique's employees do not have the authority to lower prices, offer discounts, or plan events without the approval of management.  
SOURCE: CR:004  
SOURCE: HR LAP 32—Customer-Service Mindset
11. D  
Ask questions that can't be answered "yes" or "no." Silent clients are shy, insecure, or too sensitive to talk very much even when they need help. They are a type of slow/methodical client, and they require special handling. The advertising agency's account representative should not do all the talking or wait for the client to decide to talk. The account representative also should not try to hurry this kind of customer by trying to close quickly. Instead, s/he should be patient, try to draw the client out, and try to determine the client's needs through appropriate questions.  
SOURCE: CR:009  
SOURCE: EI LAP 1—Making Mad Glad (Handling Difficult Customers)
12. D  
Maximum benefit. If a product is available at the right time, consumers can receive the maximum benefit. For a product to be available at the right time, delivery may or may not be required. In dollars, the consumer may receive the necessary value—and the marketer may receive the desired profit—whether or not the product is available at the best time.  
SOURCE: EC:004  
SOURCE: EC LAP 13—Use It (Economic Utility)
13. C  
Intangible activities. This may be dry-cleaning service, medical attention, car rental, beauty and barber services, etc. A service business does not sell either wholesale or retail merchandise. It may use certain goods in performing the service, but the goods are considered part of the service itself, e.g., dry-cleaning fluid.  
SOURCE: EC:070  
SOURCE: EC LAP 20—Business Connections (Business and Society)
14. C  
Profit. The formula for calculating profit is income minus expenses equals profit. The incentive for profit-making, monetary gain, is the main reason for people to enter business in a free-enterprise system. Income, or revenue, is the monies that advertising agencies take in from sales and other sources. Expenses are the monies that advertising agencies must pay out in order to operate.  
SOURCE: EC:010  
SOURCE: EC LAP 2—Risk Rewarded
15. B  
Low depth, high scope. Scope is the number of tasks involved in a job and the frequency with which they occur. Depth is the amount of control and decision making an employee has in a job. An advertising agency's production manager who is preparing a monthly calendar is performing a number of different operations (high scope). However, the fact that the job must be done according to owner's specifications means that the manager has little control over the task (low depth).  
SOURCE: EC:014  
SOURCE: Burrow, J.L. (2006). *Marketing: Instructor's wraparound edition* (2nd ed.) [pp. 11-12]. Mason, OH: Thomson/South-Western.

16. B

Increasing prices. Inflation is a rapid rise in prices that may occur when demand exceeds supply or when productivity declines and costs of labor go up. When prices increase, specialty-advertising businesses spend more to buy the goods and services they need. As a result, they increase prices to consumers to cover the increased cost of doing business. If prices continue to rise, productivity often declines because of increasing labor costs. Free trade is the absence of trade barriers.

SOURCE: EC:083

SOURCE: McConnell, C.R., & Brue, S.L. (2005). *Economics: Principles, problems, and policies* (16th ed.) [p. 141]. Boston: McGraw-Hill/Irwin.

17. C

Distributing a report to advertising agency officers that recommends policy changes. Persuasion is the effort of an individual or group of individuals to influence the attitudes or behavior of another individual or group of individuals. Recommendations for altering established policies is an example of trying to initiate change. Requesting product specifications, distributing goods on a timely basis, and presenting a financial statement are not examples of persuasion because a change in attitude or behavior is not the primary goal.

SOURCE: EI:012

SOURCE: Hyden, J.S., Jordan, A.K., Steinauer, M.H., & Jones, M.J. (1999). *Communicating for success* (2nd ed.) [p. 324]. Cincinnati: South-Western Educational.

18. A

Reach a compromise. Advertising agency employees who have different opinions often negotiate with each other in order to reach a compromise and solve the problem. Compromising involves each employee conceding a few issues in order to reach a mutual agreement. Compromise is often the result of successful negotiations because each employee obtains something and both sides meet partway. Advertising agency employees do not negotiate in order to avoid rejection or to make a statement. Negotiating often results in cooperation rather than creating opposition.

SOURCE: EI:062

SOURCE: EI LAP 8—Make It A Win-Win (Negotiation)

19. A

Coaching. Coaching is enabling other people to reach their true potential by helping them to overcome the barriers that are keeping them from doing so. Although coaching may involve some teaching, teaching is not its main focus. When you coach others, it isn't because they need knowledge; it's because they are having difficulty putting that knowledge into action. They need help to improve their performance. Cross training is a systematic approach for teaching employees how to perform other people's jobs. Counseling is an oral communication method in which a supervisor and an employee discuss the employee's problem, and the supervisor tries to motivate the employee to find a solution. Consensus building is a group's process of coming to agreement.

SOURCE: EI:041

SOURCE: QS LAP 7—Bring Out the Best

20. D

Obtain power. Individuals who have power often have the ability to influence others to do what they want them to do. Individuals who develop effective political relationships within an organization usually are able to obtain power because others respect them and believe in them. Individuals who work well with others, make friends within the organization, and project competence are building relationships that will give them power. Developing effective political relationships will not necessarily allow individuals to eliminate conflict, earn compensation, or overcome stress.

SOURCE: EI:034

SOURCE: Lussier, R.N. (2003). *Management fundamentals: Concepts, applications, skill development* (2nd ed.) [pp. 274-277]. Mason, OH: South-Western.

21. C

Lender usually charges a high rate of interest. It is customary for financial institutions to make loans to businesses based on 85% of the value of their accounts receivable, the amount due them from customers. As customers pay their accounts, the businesses repay the financial institution. A high rate of interest is charged on the unpaid portion of the loan. Mortgage loans require the borrower to own real estate. Inventory financing requires the borrower to own inventory that is paid for and is worth about twice as much as the amount borrowed.

SOURCE: FI:001

SOURCE: Longenecker, J.G., Moore, C.W., & Petty, J.W. (2000). *Small business management: An entrepreneurial emphasis* (11<sup>th</sup> ed.) [pp. 245-246]. Cincinnati: South-Western College.

22. A

Income. A cash-flow statement is a financial summary with estimates as to when, where, and how much money will flow into and out of a business. Income is money that flows into the advertising agency and includes sales, cash receipts, investments, and dividends. Assets, or anything of value that the advertising agency owns, are also a source of income because assets can be exchanged for cash (liquidated). Expenses are monies that flow out of the advertising agency. Utilities are expenses.

SOURCE: FI:092

SOURCE: Entrepreneur.com. (n.d.). *Cash flow statement*. Retrieved October 13, 2008, from <http://www.entrepreneur.com/encyclopedia/term/82038.html>

23. C

Purchase order. An invoice is the formal, printed record of a sale that includes information such as the buyer, the seller, the services performed, items printed, tax amounts, and quantity discounts, etc. The seller submits the invoice to the buyer to pay for the services rendered. Information on the invoice should match the information on the client's purchase order or contract, which is the form that initiates the sales transaction. If information on the invoice differs from the information on the purchase order or contract, the printing company knows that there is a problem. The shipping log is a summary of a printing company's shipments. COD, or cash on delivery, indicates that the shipment recipient must pay for the order in full upon delivery. Not all printing companies require customers to pay according to COD terms. A delivery receipt is an acknowledgement that the order has been received.

SOURCE: FI:087

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2006). *Marketing essentials* (p. 350). New York: Glencoe/McGraw-Hill.

24. D

Past sales records. Want slips, comparison shopping, and consumer surveys are all useful tools in determining customers' wants and needs, but past sales records are better tools with which to plan future buying.

SOURCE: FI:099

SOURCE: Louderback, J.G., & Holmen, J.S. (2003). *Managerial accounting* (10th ed.) [pp. 232, 234, 523-532]. Mason, OH: South-Western.

25. D

\$10,312.50. The amounts a printing company owes its suppliers in the near future, such as 30 or 45 or 60 days, are purchases made on account, or accounts payable. Businesses can reduce the amount of cash outflow by increasing their accounts payable. Businesses will have more cash available for other uses if they do not need to pay cash for all their purchases. In this example, the business makes 85% of its purchases on account. To calculate the amount of cash purchases, first determine the accounts payable by multiplying the purchases by 85% ( $\$68,750 \times 85\%$  or  $.85 = \$58,437.50$ ). Then, subtract the accounts payable from total purchases to calculate cash purchases ( $\$68,750.00 - \$58,437.50 = \$10,312.50$ ).

SOURCE: FI:100

SOURCE: CCH Inc. (n.d.). *Analyzing your cash flow. Business owner's toolkit*. Retrieved October 13, 2008, from [http://www.toolkit.cch.com/text/P06\\_4200.asp](http://www.toolkit.cch.com/text/P06_4200.asp)

26. D

187. The estimated yearly turnover rate is an important factor that advertising agencies consider when determining future hiring needs. Agencies usually monitor possible turnover in order to be prepared to hire replacements. As a rule, agencies know in advance the number of employees who will probably retire each year. They also factor in the number who will leave for other reasons based on the turnover rate for previous years. In this example, 82 employees will be eligible to retire. Also, 7% are expected to leave for other reasons ( $1,500 \times 7\%$  or  $.07 = 105$ ). Add the two figures to determine the number of new employees that the agency may need to hire during the year ( $105 + 82 = 187$ ).

SOURCE: HR:353

SOURCE: Dessler, G. (2000). *Human resource management* (8th ed.) [pp. 124-125]. Upper Saddle River, NJ: Prentice Hall.

27. B

To verify employees' contributions. Advertising agencies are required to maintain a variety of personnel records, some of which deal with the compensation paid to employees. Most employees have funds deducted from their salaries to cover their share of the cost of health coverage and pension plans or to participate in a company stock program. These deductions have an effect on the amount of income tax that the employees are required to pay. Advertising agencies keep records of these deductions to verify the amount the employees contributed and to explain the deductions if necessary. Advertising agencies do not maintain this type of information to calculate employees' financial status, to borrow funds to cover costs, or to keep track of income from interest.

SOURCE: HR:359

SOURCE: Dessler, G. (2000). *Human resource management* (8th ed.) [pp. 130-131]. Upper Saddle River, NJ: Prentice Hall.

28. D

Reject the solutions and start over. Not all solutions are effective, and the problem may have been compounded by other factors. It is better to give up on the original solution and try another one than it is to waste more time on a solution that isn't working. Asking employees to work harder would not necessarily help to solve the problem. Employees should be informed of the consequences when the solution is initially implemented.

SOURCE: HR:366

SOURCE: Farese, L. S., Kimbrell, G., & Woloszyk, C. A. (2009). *Marketing essentials* (p. 248). Woodland Hills, CA: Glencoe/McGraw-Hill.

29. C

Delegation. Delegation is assigning authority or responsibility to another person. Once supervisors plan and organize the work that must be done in order to achieve the advertising agency's goals, they delegate the responsibility for performing that work to other people within the advertising agency. The responsibility for actually doing the work is delegated to lower level employees. Regulation is controlling according to an established set of rules. Inspection is examining or reviewing. Production is the creation of goods and services from economic resources. Businesses often develop policies that control inspection or production processes and delegate the responsibility for enforcing those policies and any applicable government regulations.

SOURCE: HR:383

SOURCE: Everard, K.E., & Burrow, J.L. (2001). *Business principles and management* (11th ed.) [pp. 278-281]. Cincinnati: South-Western.

30. C

To meet the target market's wants and needs. Marketers need a constant flow of information about its target market's preferences in order to offer products that meet the target market's wants and needs. Specialty-advertising companies want to make a profit by offering the goods and services that people will purchase. Information about the success of a line would not help to design displays, prepare advertising materials, or develop community relations.

SOURCE: IM:001

SOURCE: Soloman, M. R., Marshall, G. W., & Stuart, E. W. (2008). *Marketing: Real people, real choices* (5<sup>th</sup> ed.) [pp. 107-109]. Upper Saddle River, NJ: Pearson Prentice Hall.

31. D

Make sure customers know how the information will be used. Ethical behavior involves doing what is right. When specialty-advertising businesses collect marketing information from customers, it is ethical to make sure customers know how the information will be used. Then, customers have the opportunity to decide not to provide information, or to provide only certain types of information. It is not ethical to mislead customers in order to obtain marketing information. It may be considered unethical to gather data from only a few customers in one area because the results will not be representative of the market. Customers have the right to know who is sponsoring and paying for the research project. It is usually considered unethical to sell customer information unless customers are aware of this practice and agree that their information may be sold.

SOURCE: IM:025

SOURCE: Solomon, M.R., & Stuart, E.W. (2000). *Marketing: Real people, real choices* (2nd ed.) [pp. 134-135]. Upper Saddle River, NJ: Prentice Hall.

32. B

A database. A database is a collection of information that a business can retrieve quickly. Many graphic design businesses use databases to store information about their customers, such as contact information and buying preferences. Presentation software is a computer application that displays a slide show. Opt-in e-mail messages are electronic promotional messages that are sent with a recipient's permission and allow the recipients to request removal from the subscriber list at any time. A CAD program is a computer software program that allows users to create multidimensional graphics.

SOURCE: IM:183

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2006). *Marketing essentials* (pp. 594-595). New York: Glencoe/McGraw-Hill.

33. D

Data-processing. The size of a business often has an effect on the sophistication level of its marketing-information management system. A large public relations agency with many locations would need a system that had extensive data-processing capabilities because it would need to keep track of a lot of customer transactions and financial information. Also, a large agency might generate frequent reports and accumulate extensive amounts of information that need to be sorted and tabulated. On the other hand, a small agency might need only a simple system to handle routine information. Marketing-information management systems do not have the capability of developing product, sampling opinions, or analyzing cultures, although they might be used to store and sort such information.

SOURCE: IM:163

SOURCE: Soloman, M. R., Marshall, G. W., & Stuart, E. W. (2008). *Marketing: Real people, real choices* (5<sup>th</sup> ed.) [pp. 107-108, 111]. Upper Saddle River, NJ: Pearson Prentice Hall.

34. B

Reach the target market. Demographic information is information about the physical and social characteristics of the population, such as age, marital status, income, etc. Advertising agencies often maintain current demographic information to make decisions about the most effective strategy to use to reach the target market, which is the particular group of customers a business seeks to attract. By monitoring demographic information, advertising agencies are able to detect changes in the target market and revise the marketing strategy to remain effective. Demographic information does not help businesses to make decisions about the most effective strategy to use to analyze the economy, negotiate with suppliers, or purchase new equipment.

SOURCE: IM:184

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2002). *Marketing essentials* (3rd ed.) [p. 508]. Woodland Hills, CA: Glencoe/McGraw-Hill.



35. C

Central tendency. To obtain useful marketing information, researchers often survey a representative group of the market segment (sample). After collecting the data, researchers assign numerical values to the responses. The typical value (response) of the set of numerical values is referred to as the central tendency. Researchers can measure central tendency as a mean, median, or mode. To summarize the data, researchers might develop a visual representation of central tendency in a chart or graph format. Predictability curve and distribution share are fictitious terms.

SOURCE: IM:191

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2006). *Marketing essentials* (pp. 170-171). New York: Glencoe/McGraw-Hill.

36. D

Accurate interpretation. Advertising agencies obtain a variety of information that must be analyzed in order to make it useful. While manipulating the data for information analysis, advertising agencies should try to interpret it accurately in order to obtain information that will answer specific marketing questions. Many times, advertising agencies can manipulate the data to obtain the answers they want. This practice will not help them solve problems or make good decisions if they interpret the data inaccurately. Exploratory research is a method of obtaining information. Secondary information is information that has already been collected for another purpose. Advertising agencies develop a research program before interpreting data.

SOURCE: IM:190

SOURCE: Hair, J.F., Jr., Bush, R.P., & Ortinau, D.J. (2000). *Marketing research: A practical approach for the new millennium* (p. 613). Boston: Irwin/McGraw-Hill.

37. A

Exchanges. Marketing is described as creating exchanges—or encouraging trade by providing opportunities. Regarding the other options, marketing satisfies needs, uses advertisements, and bridges the gap between producers and customers.

SOURCE: MK:001

SOURCE: BA LAP 11—Have It Your Way

38. C

Money to spend. A market is a customer or potential customer who has an unfulfilled desire and is financially able and willing to satisfy that desire. Home ownership, incomes over \$20,000, and college educations could be factors to consider when identifying and segmenting the market, depending on the product being sold.

SOURCE: MP:003

SOURCE: IM LAP 9—Have We Met? (Market Identification)

39. C

Impossible to appeal to all consumers. The marketplace today is very diverse and includes advertisers from many backgrounds who have different lifestyles. As a result, it is virtually impossible to appeal to all consumers. Therefore, advertisers need to identify the market segment that wants and needs their particular products. By identifying the appropriate market segment, advertisers can focus on those individuals who are the most likely to buy their goods and services. It is realistic to mass produce products that appeal to and are popular with many consumers, such as toothpaste. Advertisers do not identify market segments to arrange delivery services or to locate regional vendors.

SOURCE: MP:004

SOURCE: Boone, L.E., & Kurtz, D.L. (2004). *Contemporary marketing* (11th ed.) [p. 225]. Mason, OH: Thomson/South-Western.

40. A

Monitor its performance. A marketing plan is a set of procedures or strategies for attracting the target customer to an advertising agency. The advertising agency can use the plan as the basis for monitoring its performance and determining if it is achieving the goals set forth in the plan. The advertising agency will be able to evaluate the success of the procedures it is using to attract customers. The advertising agency does not use the marketing plan to identify its vendors, prepare its promotion, or forecast its profits.

SOURCE: MP:007

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2006). *Marketing essentials* (pp. 32-33). New York: Glencoe/McGraw-Hill.

41. D

Segment size, competitors, and demand. A market analysis involves collecting information about a group (segment) that may have an unfulfilled desire for something and is willing and able to pay for it. A specialty-advertising company analyzes various segments to determine if it is profitable to market its products to those segments. The market analysis considers the size of the market segment, the product demand, and the competitors it may encounter. A strategy is a plan of action for achieving goals or objectives. Policies are general rules that a business's employees must follow. Frequency is a quantitative measure of the average number of times a target consumer is exposed to an advertising message. Reach is a quantitative measure of the number of different people in the target audience who are exposed at least once to an advertising message. Reach and frequency are considerations when selecting advertising vehicles, but not when conducting a market analysis.

SOURCE: MP:009

SOURCE: Armstrong, G., & Kotler, P. (2000). *Marketing: An introduction* (5th ed.) [pp. 199-200]. Upper Saddle River, NJ: Prentice Hall.

42. C

Competitive. A competitive analysis involves examining the competitive environment to find out what competitors are doing. When conducting a competitive analysis, a business usually reviews the prices (fees) that competitors are charging for similar products. A business also wants to find out the types of services that competitors are offering. The goal is to find out what the competition is doing in order to be able to compete effectively. For example, a graphic-design firm might reduce fees for certain services if it discovers that most of its competitors' fees are lower than what the firm is charging. A technological analysis involves reviewing the current technology that is available. An industry analysis involves examining the industry as a whole rather than individual competitors. Relationship analysis involves reviewing the relationship that exists between the business and its customers.

SOURCE: MP:012

SOURCE: Boone, L.E., & Kurtz, D.L. (2004). *Contemporary marketing* (11th ed.) [pp. 64-67]. Mason, OH: Thomson/South-Western.

43. A

Qualitative. When a business (e.g., specialty-advertising company) considers the opinions and personal experience of others to develop its sales forecast, it is using the qualitative sales forecasting method. When the business uses quantitative sales forecasting methods, it uses numerical data to predict future sales. Conditional and industrial are not sales-forecasting methods.

SOURCE: MP:013

SOURCE: Soloman, M. R., Marshall, G. W., & Stuart, E. W. (2008). *Marketing: Real people, real choices* (5<sup>th</sup> ed.) [pp. 116-120]. Upper Saddle River, NJ: Pearson Prentice Hall.

44. B

\$81,425.76. To calculate how much money the advertising agency plans to allocate to the marketing budget, it multiplies last year's profit by the percentage amount ( $\$678,548 \times 12\%$  or  $.12 = \$81,425.76$ ). Many businesses use this method when preparing a marketing budget because it is easy to calculate and based on actual profit.

SOURCE: MP:017

SOURCE: Stull, W.A. (1999). *Marketing and essential math skills: Teacher's edition* (p. 198). Cincinnati: South-Western Educational.

45. A

What position do we want to have? When repositioning existing products, advertisers should compare the product's current position with new ideas for positioning the product. They must be careful to avoid "change for the sake of change." This is especially true for well-known, successful brands. Determining how much customers will pay and where they will buy are the marketing-mix decisions of price and place. Advertisers want to differentiate their products from those of competitors rather than trying to tie in to competitors' promotions.

SOURCE: MP:029

SOURCE: Russell, J.T., & Lane, W.R. (1999). *Kleppner's advertising procedure* (14<sup>th</sup> ed.) [pp. 98-101]. Upper Saddle River, NJ: Prentice Hall.

46. C

Promote the overall organization. A growing element of advertising is to promote an organization rather than a specific brand. The rationale behind this is that if the organization prospers, the brands that are included under its umbrella will prosper as well. Discouraging competitors, retaining employees, and increasing capital investments do not reflect current trends in advertising.

SOURCE: MP:030

SOURCE: Czinkota, M.R., & Kotabe, M. (2001). *Marketing management* (2nd ed.) [p. 377]. Mason, OH: South-Western Publishing.

47. B

Current customers. Current customers are an excellent source of marketing information. You can gather information from current and former customers in surveys by mail, on the phone, in personal interviews, etc. Internet surveys are effective if they involve current customers. Employees may provide useful information, but the primary source is current customers. Accounting records are a type of secondary information.

SOURCE: MP:022

SOURCE: Meyer, E. C., & Allen, K. R. (2000). *Entrepreneurship and small business management: Teacher's manual* (2nd ed.) [p. 171]. New York: Glencoe/McGraw-Hill.

48. C

Quickly calculates reach and frequency. New computer software quickly completes the tedious task of calculating media information, such as reach, frequency, cost per thousand (CPM), and gross rating points (GRP). Advertising agencies use the software to quickly calculate the data they need to develop media budgets for clients. Use of this type of software saves time as well as money because fewer people spend less time developing the media budgets. The software has the capability of calculating the data, but it cannot interpret the meaning of the numbers, evaluate the content of an ad, or decide which medium is best for the message.

SOURCE: NF:054

SOURCE: Arens, W.F. (1999). *Contemporary advertising* (7th ed.) [pp. 272-274]. Boston: Irwin/McGraw-Hill.

49. D

Protect themselves. Specialty advertising businesses keep records to protect themselves from lawsuits, loss of property, inaccurate charges, etc. Shipping and receiving records help a business keep track of exactly what was ordered and at what price in the event there is a dispute with a vendor. These records provide the information that a business needs to return items that were not ordered and protect itself from paying for goods it did not receive. Suppliers maintain their own records about orders from businesses. The purpose of maintaining shipping and receiving records is not to monitor employees or organize departments.

SOURCE: NF:001

SOURCE: NF LAP 1—Record It (Business Records)

50. C

Maintain data security. Some advertising agencies use software programs that help maintain the security of data they send over the Internet to clients. These programs prevent documents from being forwarded to others so the information does not end up in the hands of competitors. Also, these programs prevent others from copying, editing, or printing the documents which helps maintain the information in its original form. Advertising agencies are not able to track employees' e-mail, stop an incoming virus, or control internal communication by using a software program that prevents employees from forwarding documents over the Internet.

SOURCE: OP:064

SOURCE: Oelkers, D.B. (2002). *E-Commerce: Business 2000* (pp. 126-128). Cincinnati: South-Western Educational.

51. A

Correct hazards. Full-service advertising agencies should keep a running log or record of work-related accidents in order to identify patterns or trends in workplace accidents. Full-service advertising agencies use this information to correct the hazardous or unsafe situations and help prevent accidents from occurring. Full-service advertising agencies do not keep accident reports for the purpose of completing paperwork. The accident reports may answer certain questions about the incident, although that is not their primary purpose. Accident reports are not needed in order to administer first aid.

SOURCE: OP:009

SOURCE: Clark, B., Sobel, J., & Basteri C.G. (2006). *Marketing dynamics* (pp. 406-410). Tinley Park, IL: Goodheart-Willcox.

52. D

Fraud. Deceiving or cheating an individual or a business (e.g., creative boutique) out of money or property is fraud. Customers, employees, vendors, and others may commit fraud against a business. There are many types of fraud including internal theft, payroll fraud, and computer fraud. Burglary is any illegal entry into a building to commit a theft. Robbery is theft that involves the use of force, violence, or fear. Pilferage is theft of small sums of money or inexpensive items.

SOURCE: OP:013

SOURCE: Farese, L. S., Kimbrell, G., & Woloszyk, C. A. (2009). *Marketing essentials* (p. 338). Woodland Hills, CA: Glencoe/McGraw-Hill.

53. D

Competitive. Business is very competitive, and printing companies are always looking for more efficient production processes in order to reduce their costs. Printing companies that can print promotional materials less expensively than other printing companies can price their products lower than other printing companies. Therefore, the printing companies with lower prices are able to compete and attract a larger share of the market. Developing efficient production processes does not necessarily make printing companies responsible, flexible, or innovative. However, these are characteristics of most successful printing companies.

SOURCE: OP:017

SOURCE: BA LAP 1—Nature of Production

54. A

\$526,750. A fixed cost is the sum of all the costs incurred by a business (e.g., graphic-design firm) that usually remain at the same level no matter how many units of a product are produced or marketed. Fixed costs include rent, salaries, insurance, advertising, and the cost of maintaining a web site. Bonuses are a type of variable cost because they increase or decrease in proportion to sales volume. In this example, add the cost of rent, salaries, and maintaining a web site to determine fixed costs ( $\$423,500 + \$88,000 + \$15,250 = \$526,750$ ).

SOURCE: OP:024

SOURCE: MN LAP 57—Operating Expenses

55. D

Interest paid on a mortgage is tax deductible. Businesses (e.g., media-buying firms) often obtain mortgages to finance the purchase of facilities because they do not have sufficient funds to pay cash. The interest that businesses pay on mortgages each year is tax deductible and may result in a significant tax savings. The amount of savings varies from business to business and depends on a business's overall profitability. However, all businesses can take mortgage interest as a deduction which will result in a tax savings. Ownership may improve a business's credit rating but will not result in a tax savings. Businesses pay security deposits to lease facilities rather than obtain mortgages. Maintenance fees usually are included in monthly lease payments.

SOURCE: OP:028

SOURCE: Business Owner's Toolkit. (n.d.). *When buying makes sense*. Retrieved October 13, 2008, from [http://www.toolkit.cch.com/text/P04\\_3009.asp](http://www.toolkit.cch.com/text/P04_3009.asp)

56. C

Public relations. Almost all marketing occupations involve creativity to some extent. One of its uses is in accomplishing public relations activities. Routine, immediately apparent, and mathematical activities call for more logical, traditional thought processes.

SOURCE: PD:012

SOURCE: PD LAP 2—Creativity

57. D

Breaking large tasks into smaller ones. A large task may seem overwhelming. By breaking a large task into smaller tasks and carrying out those tasks, we feel a sense of pride and accomplishment. Specific time limits are difficult to set for many projects. Because of this, setting a limit would be an ineffective technique. Reorganizing your desk does not necessarily help you manage your time better when working on major projects. Stopping periodically interrupts your work flow and decreases productivity.

SOURCE: PD:019

SOURCE: OP LAP 1—About Time (Time Management in Business)

58. C

Computer. Today, most advertising agencies expect employees to have at least basic computer skills because many business functions and activities involve the use of computers. Advertising agencies communicate with employees, clients, and vendors by e-mail. As a result, most advertising-agency employees need to know how to use a computer even if only to send an e-mail or to access a competitor's web site. Accounting, management, and legal skills are more specialized. Therefore, most advertising-agency employees are not expected to have these skills.

SOURCE: PD:025

SOURCE: Bailey, L.J. (2003). *Working: Career success for the 21st century* (3rd ed.) [pp. 270-275]. Mason, OH: South-Western.

59. C

Advertising Council. The Advertising Council is a nonprofit organization that links noncommercial sponsors of ad campaigns with advertising agencies and the media. The Advertising Council places most of the national public service announcements. The Federal Trade Commission regulates all commerce between the states and is the leading federal regulatory agency for advertising. The Federal Communications Commission maintains indirect control over advertising through its authority to license or revoke the license of all broadcast stations. The Office of Consumer Affairs is the chief consumer protection department in the federal government.

SOURCE: PD:059

SOURCE: Ad Council. (n.d.). *About ad council*. Retrieved October 13, 2008, from <http://www.adcouncil.org/default.aspx?id=68>

60. A

Competition. Competition is the rivalry between two or more businesses to attract customer dollars. This is one of the factors that creative boutiques consider when setting final fees for their services. Creative boutiques need to know what other creative boutiques are charging for similar services in order to be competitive in the marketplace. Assortment is the combination of goods that a business offers for sale. Specialization is the process of making the best use of resources in the production of goods and services. Management is the process of coordinating resources in order to accomplish an organization's goals.

SOURCE: PI:001

SOURCE: PI LAP 2—The Price is Right (Pricing)

61. C

To reduce costs. Marking prices on products is often a costly part of the receiving and handling process. The use of computerized marking systems allows specialty advertising businesses to mark prices quickly and accurately, which reduces the amount of time needed to perform this function. Computerized systems also cut costs by reducing the number of employees who are involved in marking prices on products. Businesses do not use computerized systems to mark prices on products to increase turnover, monitor vendors, or eliminate theft.

SOURCE: PI:016

SOURCE: Berman, B., & Evans, J.R. (1998). *Retail management: A strategic approach* (7th ed.) [pp. 463-464]. Upper Saddle River, NJ: Prentice Hall.

62. A

Product mix. The size of a specialty-advertising company's product mix affects its pricing objectives. A specialty-advertising company with a large product mix does not have to rely on any one unit for its income. However, in a specialty-advertising company with a small product mix, the price of each product has more effect on the company's total income. Channel members, fixed costs, and supply are factors to be considered when setting selling prices, but they are not factors of a specialty-advertising company's objectives and strategies.

SOURCE: PI:002

SOURCE: Etzel, M.J., Walker, B.J., & Stanton, W.J. (2007). *Marketing* (14<sup>th</sup> ed.) [pp. 325-330]. Boston: McGraw-Hill/Irwin.

63. D

7,000 units. In order to calculate the break-even point, first determine the variable cost margin by subtracting the unit cost from the unit selling price ( $\$20 - \$14 = \$6$ ). Then, divide the total fixed costs by the variable cost margin to determine break-even in units ( $\$42,000 \div \$6 = 7,000$ ).

SOURCE: PI:006

SOURCE: PI LAP 4—Tipping Point (Calculate Break-even)

64. C

20%. To determine the percent of markdown, first determine the amount of markdown by subtracting the markdown price from the original selling price ( $\$450 - \$360 = \$90$ ). Then divide the amount of markdown by the original selling price ( $\$90 \div \$450 = .20$  or 20%).

SOURCE: PI:008

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2002). *Marketing essentials* (3<sup>rd</sup> ed.) [pp. 490-491]. Woodland Hills, CA: Glencoe/McGraw-Hill.

65. D

Direct competition. A business uses many resources to generate ideas for products. When a specialty advertising business evaluates another specialty advertising business's products, it is most often analyzing what its competitor is offering a market segment. The analysis helps the business come up with different or better ideas than its competitor so it can develop products that stand out from the competition. In this situation, the XYZ Company is not generating product ideas by focusing on customers' needs, research policies, or target markets.

SOURCE: PM:128

SOURCE: Clark, B., Sobel, J., & Basteri, C.G. (2006). *Marketing dynamics* (p. 279). Tinley Park, IL: Goodheart-Willcox.

66. A  
Deep. Specialty advertising businesses with deep product mixes offer a great many sizes, colors, and models in their product lines. This allows the businesses to meet the needs of a variety of consumers, use a range of prices, and compete effectively. Businesses with shallow product mixes offer few items in their product lines. Businesses with narrow product mixes offer a limited number of product lines, while businesses with broad product mixes offer many product lines.  
SOURCE: PM:003  
SOURCE: PM LAP 3—Mix and Match (Product Mix)
67. B  
Demand. Demand is the quantity of a good or service that buyers are ready to buy at a given price at a particular time. If a creative boutique's clientele wants services that the boutique doesn't offer, the business may want to provide those services to meet its clients' needs. If the service already exists in the marketplace, and the creative boutique does not take steps to provide the service, the boutique's clients are likely to purchase from the boutique's competitors. Obsolescence is the state of being outdated or unfashionable. Modification is changing or altering an existing product. Distribution is the marketing function that is responsible for moving, storing, locating, and/or transferring the ownership of goods and services.  
SOURCE: PM:130  
SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2006). *Marketing essentials* (pp. 640-641). New York: Glencoe/McGraw-Hill.
68. D  
Brand development. Product mix is the particular assortment of goods and services that a specialty advertising business offers. A business must consider many things about the product mix including the product line, which is a group of related items in the product mix. The business must also consider how to package the products and how to develop the product brand. Brand refers to the combined impressions and experiences associated with a particular company or its products. A tag line is a slogan a business uses in an advertisement. Publicity is any nonpersonal presentation of ideas or products that is not paid for by the company or individual that benefits from or is harmed by it. Credit terms are policies regarding the arrangement by which businesses or individuals can purchase now and pay later.  
SOURCE: PM:006  
SOURCE: Burrow, J. (2006). *Marketing* (2nd ed.) [p. 269]. Mason, OH: South-Western.
69. D  
Enhance client-satisfaction levels. When an advertising agency determines which services to offer its clients, it should consider what its clients want or need. If the advertising agency has the available resources (e.g., personnel, financial) to provide the service, the service has the ability to enhance the clients' overall satisfaction levels with the business. When satisfaction levels are high, the advertising agency is most likely to gain repeat business. When a customer returns something to the business, s/he is returning something tangible; services are intangible. The advertising agency does not consider interest rates when determining which services to offer, nor does it consider whether its competitors find the service offensive.  
SOURCE: PM:036  
SOURCE: Hoffman, K., & Bateson, J. (2002). *Essentials of services marketing: Concepts, strategies, & cases* (2nd ed.) [pp. 434-435]. Orlando, FL: Harcourt.
70. A  
Trade name. Manufacturers use brands to distinguish their products from competitors' products. In some cases, the trade name and the brand name are the same (e.g., Hershey). A U.L. label is a safety approval by the Underwriter's Laboratory. A generic name refers to products that have no brand name or trademark. A copyright is legal protection of books and other artistic works granted by government, giving their creators sole rights to them for 28 years.  
SOURCE: PM:021  
SOURCE: PM LAP 6—It's a Brand, Brand, Brand World! (The Nature of Branding)

71. A

Yes, because dissatisfied customers are likely to tell others about their bad experiences. People are far more likely to tell others about their bad experiences than their good ones, and so the specialty-advertising business's reputation stands a good chance of being tarnished. Sales actually go up as customer-satisfaction levels increase. Customer service is often the deciding factor about where customers choose to spend their money. As people in authority, managers have many opportunities to improve customer service by doing such things as hiring friendly employees and being a good role model.

SOURCE: PM:013

SOURCE: PM LAP 1—Customer Service Supersized!

72. B

Avoids competing directly with the industry leader. Product positioning strategies refer to the activities that a business uses to create an image or impression of a product in the minds of consumers. A small business that tries to compete directly with the industry leader may not have the resources (e.g., money, personnel, equipment) to obtain a portion of the leader's market share. If the small business attempts to compete with the industry leader with fewer resources, it risks financial losses and possible failure if its positioning strategies are unsuccessful. Eliminating one's major competitors is a business objective, not a positioning strategy. Businesses do not always compete with international companies. Using negative advertising tactics can create a negative image for a company.

SOURCE: PM:043

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2006). *Marketing essentials* (p. 646). New York: Glencoe/McGraw-Hill.

73. A

Understand its customers. A brand is all of the combined impressions and experiences associated with a particular company, good, or service. To build a successful brand, a business must understand what its customers want (e.g., price, quality) and strive to meet their expectations through vehicles such as price, product quality, and communication. Building successful brands involves communicating consistent core values, appealing to the customers' touch points, and maximizing its strengths in the marketplace.

SOURCE: PM:126

SOURCE: PM LAP 10—Building Your Business's Brand

74. D

Working with creative boutiques. Traditional advertising agencies often provide standardized services as well as personalized services by working with creative boutiques that specialize in specific areas. For example, one boutique might specialize in developing unique themes, another might specialize in designing logos, while another might specialize in developing original music and lyrics. Once the creative boutique develops the personalized service for a specific client, the traditional agency provides the standardized services that include production and media buying. Hiring additional employees will not necessarily enable an agency to provide standardized and personalized services unless the employees have specific skills. Also, this may be unrealistic because the additional employees may be needed only on a limited basis. Advertising agencies do not provide standardized and personalized services to clients by expanding production facilities or reassigning account executives.

SOURCE: PM:075

SOURCE: Lane, W.R., King, K.W., & Russell, J.T. (2005). *Kleppner's advertising procedure* (16th ed.) [pp. 152-161]. Upper Saddle River, NJ: Pearson/Prentice Hall.

75. D

Persuasive. Promotional messages should persuade or convince buyers that the product being offered for sale can satisfy their specific needs. Promotion does not need to be original in order to be successful. Promotion should not be out of date, or obsolete, and it does not need to be pervasive, or spread everywhere, in order to be successful.

SOURCE: PR:001

SOURCE: PR LAP 2—Promotion



76. A

The type and number of consumers and their location. These are all elements of the product's target market—the particular group of consumers who want or need a given product. Businesses must know their target markets well so that appropriate promotional mixes can be planned. The company history is a company factor. The product type and life cycle are product factors.

SOURCE: PR:003

SOURCE: PR LAP 1—Promotional Mix

77. D

Specialty advertising. Specialty advertising is a sales promotion technique that businesses use to encourage customers to buy. Specialty advertising includes such items as pens, matchbooks, calendars, or key rings embossed with a company's name, logo, or promotional message. These items constantly remind customers about the business and encourage buying. Event marketing involves promoting special events. Cooperative activities are joint ventures by manufacturers and retailers. Trade incentives usually are given to businesses.

SOURCE: PR:007

SOURCE: PR LAP 3—Ad-quipping Your Business (Types of Promotional Media)

78. B

Has a higher response rate than mass media. Direct mail is a promotional medium that comes to consumers' homes and businesses. Because direct mail can be an expensive form of promotion, specialty-advertising businesses often send it to very targeted audiences—the people who are most likely to purchase their products. And, because direct-mail recipients are more likely to purchase the products, the response rate is usually higher than mass media (e.g., national television) messages. Holding the reader's attention and continuously needing to update mailing lists are challenges, rather than advantages, for specialty-advertising businesses using direct mail.

SOURCE: PR:089

SOURCE: Arens, W.F. (2004). *Contemporary advertising* (9th ed.) [p. 574]. Boston: Irwin/McGraw Hill.

79. B

Resell the time to a higher bidder. When a television station sells advertising time at preemption rates, it reserves the right to preempt, or reclaim, the time if another advertiser is willing to pay a higher price for it. The original purchaser is left out or must purchase whatever time slot is available. The television station does not cancel its entire contract with the advertiser, nor does it change the price to the original purchaser. Agreeing to allow the station to run the ad at any time is called run-of-schedule (ROS) rates.

SOURCE: PR:009

SOURCE: PR LAP 6—Calculating Media Costs

80. B

\$478,500. Newspapers often have contract rates that offer discounts to businesses for buying large amounts of advertising space or for running the same ad frequently over a period of time. Contract rates save money for the business and also benefit the newspaper because it is guaranteed a certain amount of advertising from one customer. In this situation, the business signs a contract to buy 25,000 inches of advertising per year. Calculate the discounted per inch rate by multiplying the rate by the percent of discount ( $\$34.80 \times 45\%$  or  $.45 = \$15.66$ ), and subtracting the discount from the original price ( $\$34.80 - \$15.66 = \$19.14$ ). Then, multiply the total number of inches by the discounted per inch rate ( $25,000 \times \$19.14 = \$478,500$ ).

SOURCE: PR:104

SOURCE: Arens, W.F. (1999). *Contemporary advertising* (7th ed.) [pp. 462-463]. Boston: Irwin/McGraw-Hill.

81. D

Depends upon the funds available from sales. Lowry is determining the advertising budget based on sales volume. In other words, as Lowry's sales increase or decrease, so does the amount of money budgeted for advertising. This is called the percentage of sales method. The disadvantage of this method is that it does not use advertising to create demand for the company's products. The objective and task method of budgeting would reflect the business's changing goals. The competitive parity method takes competitors' advertising budgets into consideration.

SOURCE: PR:160

SOURCE: Kotler, P., & Armstrong, G. (1999). *Principles of marketing* (8<sup>th</sup> ed.) [pp. 432-433]. Upper Saddle River, NJ: Prentice Hall.

82. C

Send news releases. Businesses usually want the media to cover special events, such as dedication ceremonies for a new facility, because that is a way of obtaining publicity. To encourage attendance, businesses send news releases to the media highlighting the importance of the event as well as the time and place. It is important to coordinate the news release with the event so the media will know when it is scheduled to occur. For example, if a business sends a news release too far in advance, the information may be misplaced and the media will not cover the event. If the media does not cover the event, a business might write a feature story about the new facility and send it to the local newspaper in the hope the paper will run the story. After sending news releases, businesses may follow up with telephone calls to remind the media of the event. If a business schedules well-known guest speakers, it would include that information in the news release.

SOURCE: PR:138

SOURCE: O'Guinn, T.C., Allen, C.T., & Semenik, R.J. (2003). *Advertising and integrated brand promotion* (3rd ed.) [pp. 701-703]. Mason, OH: South-Western.

83. B

An announcement that an advertising agency is giving a scholarship. Good publicity is any kind of article or report that has a positive effect on the business, organization, or individual mentioned in the publicity. An announcement that an advertising agency is giving money for a scholarship would give the business a good image in the community. An article that discusses the corrupt behavior of a graphic-design firm's CEO, a report about a company's defective products, and an unfavorable review of a business's advertising campaign are examples of bad publicity that would have a negative effect on the businesses involved.

SOURCE: PR:055

SOURCE: Farese, L. S., Kimbrell, G., & Woloszyk, C. A. (2009). *Marketing essentials* (pp. 366-367). Woodland Hills, CA: Glencoe/McGraw-Hill.

84. A

Tie-in. A promotional tie-in occurs when two complementary businesses have the same or similar target markets and work together to promote both of their products. A film company that is releasing a family-oriented film might develop a tie-in promotion with a chain of restaurants that appeals to the same market. The restaurant might include movie-character merchandise in children's meals, place movie information on the restaurant's disposable cups and napkins, develop a game-oriented sales promotion, etc. The movie company, on the other hand, might promise to use the restaurant's food or image in one or more of the movie's scenes. Sales event, dual advertisement, and cause campaign are not examples of an advertising agency coordinating activities with a movie company and a chain of restaurants.

SOURCE: PR:235

SOURCE: Wells, W., Burnett, J., & Moriarty, S. (2003). *Advertising principles and practice* (6th ed.) [pp. 439-441, 444]. Upper Saddle River, NJ: Prentice Hall.

85. A

Coordinating promotional activities. Advertising and visual merchandising are promotional activities that are designed to attract customers and encourage them to buy. In order for promotions to be effective, the business's visual displays should reflect and reinforce the theme expressed in the advertising. If customers visit a business because of a specific advertisement, they expect to find the advertised products on display and readily available. If the advertised products are not on display, the goal of the coordinated promotional activities will not be achieved. Visual display involves arranging goods on the sales floor. Businesses negotiate with local media to place advertisements. Inventory control is not a promotional activity.

SOURCE: PR:076

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2002). *Marketing essentials* (3rd ed.) [pp. 302-304]. Woodland Hills, CA: Glencoe/McGraw-Hill.

86. D

Effectiveness of a promotional mix. The promotional mix is the combination of marketing communication channels (advertising, sales promotion, personal selling, publicity) that a business uses to send its messages to consumers. To determine if the promotional mix is effective in reaching the target market, the business evaluates several factors including sales, consumer brand awareness levels, and advertising response rates. These factors do not provide information about the performance of a business's vendor, the accuracy of the business's database, or the dynamics of business segments, which are not directly relevant to the business's promotional mix.

SOURCE: PR:238

SOURCE: Wells, W., Burnett, J., & Moriarty, S. (2003). *Advertising principles and practice* (6th ed.) [pp. 448-449]. Upper Saddle River, NJ: Prentice Hall.

87. D

\$79,442.50. Some specialty-advertising businesses base their promotional budgets on a percentage of sales. This is one of the simplest and easiest ways of budgeting because it is related directly to the specialty-advertising business's sales. To determine the promotional budget for next year, first calculate projected sales based on an estimated 7.5% increase over the current year ( $\$923,750 \times 7.5\%$  or  $.075 = \$69,281.25$ ;  $\$923,750.00 + \$69,281.25 = \$993,031.25$ ). Next year's sales are projected at  $\$993,031.25$  and the specialty-advertising business will budget 8% of that amount to promotional activities ( $\$993,031.25 \times 8\%$  or  $.08 = \$79,442.50$ ).

SOURCE: PR:098

SOURCE: Kotler, P., & Armstrong, G. (1999). *Principles of marketing* (8th ed.) [pp. 432-433]. Upper Saddle River, NJ: Prentice Hall.

88. A

\$475. Many manufacturers offer promotional allowances, such as co-op advertising, in order to encourage businesses to buy their products. One way that manufacturers determine how much co-op advertising money a business is entitled to is by allowing the business to earn credits based on a percentage of the amount of goods they purchase. The manufacturer also may have other restrictions on co-op advertising, such as paying only a certain amount of the cost of an ad. In this case, the business earned \$1,250 in advertising credit, but the manufacturer would only pay for 50% of a telephone directory ad. The business saved half the cost of the ad, or \$475, even though its advertising credit was worth more than the amount of the ad. The business could use the remainder of its advertising credit for other types of advertising, depending on the manufacturer's restrictions.

SOURCE: PR:071

SOURCE: CCH Inc. (n.d.). *Cooperative advertising. Business Owner's Toolkit*. Retrieved October 13, 2008, from [http://www.toolkit.cch.com/text/P06\\_4490.asp](http://www.toolkit.cch.com/text/P06_4490.asp)

89. D

Slogan. A slogan is a phrase that is easy to remember, such as "Just Do It" that is used by Nike. The purpose of writing slogans for businesses or products is to develop a short phrase that customers will remember. By using the phrase over and over, the slogan will become associated with the business or product. For example, when customers hear the phrase "Just Do It," they automatically think of Nike. A headline is text set in large type and usually positioned at the top of an advertisement. A brand is all the combined impressions and experiences associated with a particular company, good, or service. A logo is a distinctive symbol, design, or group of letters.

SOURCE: PR:227

SOURCE: Lane, W.R., King, K.W., & Russell, J.T. (2005). *Kleppner's advertising procedure* (16th ed.) [pp. 496-499]. Upper Saddle River, NJ: Pearson/Prentice Hall.

90. D

Benefit. The type of headline used depends on the type of message the headline writer wants to send. Stressing the benefit, or advantage, of using a good or service is an effective headline writing technique. Consumers often are attracted to advertising headlines that promise benefit and value, and will continue to read the remainder of the ad. Information and news headlines provide new information. Command headlines tell readers to do something.

SOURCE: PR:124

SOURCE: Arens, W.F. (2004). *Contemporary advertising* (9th ed.) [pp. 418-419]. Boston: Irwin/McGraw Hill.

91. B

Optical center. Optical center is somewhat to the left and slightly above the actual center of the advertisement. Putting the most important element in this location draws the reader's gaze in a pattern through the ad. The patterns most commonly used resemble the letters, S, C, and Z. A bannerhead is a headline that goes all the way across the top of the page. The most important element usually is not placed at the top or bottom of the ad.

SOURCE: PR:128

SOURCE: Wells, W., Burnett, J., & Moriarty, S. (2003). *Advertising principles and practice* (6th ed.) [pp. 372-374]. Upper Saddle River, NJ: Prentice Hall.

92. A

Sending messages on the same day of the week. Many companies send their customers newsletters, product updates, or special offers on a regular basis. If the message is sent on a regular basis, some e-mail recipients (e.g., opt-in recipients) tend to look for the information. For example, a company might send a monthly newsletter on the third Tuesday of each month at noon. After several of the e-mails are sent, the recipient expects to receive all newsletters at that time. Use of a variety of writing styles, fonts, and formats does not make the message consistent. A hyperlink might be included in a message but does not necessarily go in the first paragraph of the message all the time. Therefore, a hyperlink does not necessarily establish e-mail consistency. Subscriptions are requested by customers. Therefore, subscriptions do not go out to people who have not requested the subscription.

SOURCE: PR:166

SOURCE: PR LAP 14—Executing Targeted E-Mails

93. C

High-quality photography. The purpose of catalogs is to sell products. To accomplish this, graphic designers often try to make the catalogs as attractive and appealing to customers as possible. One way to do this is to use high-quality photography that realistically depicts products. When designers use high-quality photography in catalogs, they often specify the use of high-quality paper that makes the photographs appear more vibrant and beautiful. Offset lithography is a popular way of printing high-quality catalogs. Color separation is the process involved in preparing photography for printing. Effective catalogs usually contain more photographs and illustrations than copy, because a lot of copy is not appealing to customers.

SOURCE: PR:146

SOURCE: Wells, W., Burnett, J., & Moriarty, S. (2003). *Advertising principles and practice* (6th ed.) [pp. 411-413]. Upper Saddle River, NJ: Prentice Hall.

94. C

Success of the business. Selling efforts that meet clients' needs help to ensure customer satisfaction and repeat business that contribute to business success. The target market is composed of individuals who are most likely to buy your products. Relative price is the ratio between two prices. The national debt is the total indebtedness of the entire country. Selling does not contribute to any of these areas.

SOURCE: SE:017

SOURCE: SE LAP 117—Sell Away (The Nature and Scope of Selling)

95. B

Look for new techniques that benefit clients. Building client relationships through the use of effective customer service involves helping clients in as many ways as possible. One way to help clients is to always be on the lookout for new techniques that will benefit clients or information that might help clients solve problems. When account executives are proactive and go out of their way to be of service, they usually build long-term relationships with clients who appreciate the extra effort. Account executives should focus on relevant issues during meetings with clients rather than spend a lot of time visiting and carrying on casual conversations. An account executive who identifies money-saving methods for his/her employer or helps his/her employer hire productive employees is assisting the creative boutique rather than building relationships with clients.

SOURCE: SE:076

SOURCE: Futrell, C.M. (1999). *Fundamentals of selling: Customers for life* (6th ed.) [p. 416]. Boston: Irwin/McGraw-Hill.

96. A

Selling policies. Selling policies are general rules established by management to guide the personal selling effort and outline how things must be done. "The customer is always right" is an example of a selling policy because it tells employees how they are expected to deal with customers. A business that promotes this type of policy is informing customers that their employees will make every effort to satisfy them. Goals are the main objectives of the business. Planning systems are used to decide what goods and services will be sold. A media channel is an individual medium, such as radio, used to transmit a message to the public.

SOURCE: SE:932

SOURCE: Levy, M., & Weitz, B. A. (2007). *Retailing management* (6th ed.) [pp. 484-485]. Boston: McGraw-Hill/Irwin.

97. D

Turning a major account into a house account. Specialty-advertising businesses are expected to behave ethically when dealing with salespeople. Although specialty-advertising businesses have the right to control and assign accounts, there are ethical ways of doing that. In some situations, a salesperson builds an account to become a major account. As a result, the salesperson earns a high commission. If the specialty-advertising business does not want to pay the high commission, it might take the account away from the salesperson and make it a house account. This is often considered unethical because the specialty-advertising business takes over the account only to avoid paying the salesperson, not because there is a problem with the account. Specialty-advertising businesses routinely monitor the profitability of each territory, and expect salespeople to reach a certain quota. These actions are ethical. It is also an acceptable practice to terminate a salesperson for poor performance. However, the salesperson must first be given an opportunity to improve.

SOURCE: SE:106

SOURCE: Futrell, C.M. (1999). *Fundamentals of selling: Customers for life* (6th ed.) [pp. 83-84]. Boston: Irwin/McGraw-Hill.

98. D

Adjust the approach to fit the client. The advertising agency's account representative needs to assess the client's personality in order to fit the approach to the client. The client's needs and attitude should be noted by the account representative, but it is not his/her responsibility to change them. Parts of the selling process may be adjusted to fit the selling situation, but they would not be bypassed.

SOURCE: SE:048

SOURCE: SE LAP 126—The Selling Process

99. D

Vice president. Strategic planning is one of the major responsibilities for top-level managers, which includes company presidents and vice presidents. Vice presidents often spend most of their work time developing long-range plans and setting objectives for the company (e.g. advertising agency). A first-line supervisor would spend the most time working directly with employees. Production assistants and graphic artists have limited responsibility for planning.

SOURCE: SM:001

SOURCE: BA LAP 6—Manage This!

100. D

1%. Creative boutiques compare their operating results from year to year to determine if their net profit is increasing, decreasing, or staying the same. In this example, first calculate last year's percent of net profit based on sales by dividing the amount of net profit by total sales ( $\$76,000 \div \$680,000 = 0.111$  or 11%). Then, calculate this year's percent of net profit based on sales ( $\$84,000 \div \$700,000 = 0.120$  or 12%). To determine the percent of increase from last year to this year, subtract last year's percent from this year's percent ( $12\% - 11\% = 1\%$ ).

SOURCE: SM:005

SOURCE: Edward Lowe Foundation. (n.d.). *How to analyze your business using financial ratios*. Retrieved October 13, 2008, from<http://edwardlowe.org/index.elf?page=sserc&storyid=6335&function=story>