Instructions: For each question, choose the best answer. The questions were written from the PowerPoints used for the course. Clearly circle the letter of the answer to each question. If you make a mistake, strike through the wrong answer (\) and circle the correct answer.

Criterion for Pass/No Pass

After grading, enter the scores into an Excel and calculate the highest score (Max) and median score (Median). Then, calculate a lower bound as follows:

\[
\text{Lower Bound} = \text{Median} - (\text{Max} - \text{Median}) = 2*\text{Median} - \text{Max}
\]

For example, if the top score is 18 /20 and the median is 14, then the Lower Bound is 10 /20. In this example, pass anyone with 10 /20, but anyone lower than that would be a No Pass.
1. Which of the following is an advantage of Target Marketing?
   a. Almost all people within a Market will be satisfied with our product
   b. We can use broad media to reach everyone
   c. Our firm is likely to be more profitable
   d. We get to work with many different channels of distribution
   Ans: C L1 Easy, definitional

2. Traditional New Product Development depends on:
   a. Inspiration
   b. A formal multi-step process
   c. Gut feelings by entrepreneurs who show true passion
   d. Satisfied customers who can say what they like about a product
   Ans: B L1 Easy, definitional

3. Many New Product ideas come from:
   a. Improvements in existing products
   b. Creating value where customers don’t see value
   c. Entering existing industries with intense competition
   d. Happy customers
   Ans: A L1 Easy, definitional

4. As a generalization of new app-enabled businesses that have failed, what is the common cause of their downfall?
   a. Failure to think through full costs of transactions
   b. Inability to “get the word out”, to let people know they exist
   c. Lack of sufficient capital
   d. Inability to find sufficient technical workers
   Ans: A L1 Moderately difficult concept/application (Beepi)

5. Which of the following is not a likely outcome of a test market?
   a. Project abandonment due to lack of consumer acceptance
   b. Product withdrawn and needs to be redesigned
   c. Changes in the pricing structure
   d. Project abandonment due to competitor cloning (making the same product as us)
   Ans: D L1 Moderately difficult concept

6. Which of the following is not a part of the Lean Startup Movement?
   a. The belief that entrepreneurship is about hard work, not luck
   b. Refusing to release the product until it is perfect
   c. Rapid prototyping
   d. Developing a Minimal Viable Product
   Ans: B L1 Easy, definitional
7. What are the “self-expressive features of a brand”
   a. How the brand wants to be talked about in Social Media
   b. How consumers use the brand to show their own personality
   c. The Product features in the Value Proposition
   d. A technical term for the phrase “value for money”
   Ans: B L2 Easy, definitional

8. If you went punting this week, you may have taken the boat out yourself, or may have chosen a “chauffeur-driven” punt with a “gondolier” to do the punting for you. Which kind of segmentation best applies these 2 types of customers?
   a. Demographic
   b. Geographic
   c. Psychographic
   d. Occasion
   Ans: C L2 fits best Difficult, application to new situation; it’s not “Demographic” because both groups are visiting students; Geography is irrelevant since the punts are location-based in Cambridge and “Occasion” isn’t right here (you could make a case for Behavioral (Use) but that deliberately is not offered as an option here.

9. What is true of the Value Proposition?
   a. All customers want the cheapest price
   b. The Value Proposition cannot be expressed in words
   c. Different customers seek different kinds of value
   d. Customers will not pay for Image value
   Ans: C L2 Moderately difficult concept

10. Which of the following is not a correct use of the term “Market”?
    a. Different types of bicycles offered for sale in Cambridge
    b. People who want to buy motorbikes
    c. People who want to go punting
    d. Firms that buy punts to rent out to tourists
    Ans: A L2 A Moderately difficult concept. “Market” is firms that buy or people, not a range of products (which is “category”).

11. To a Marketer, your exact age and income are not as important as:
    a. Your ethnicity
    b. Your life stage: never married and no children
    c. Your street address, where you live
    d. Which university you attend
    Ans: B L2 Moderately difficult concept
12. Your firm pays rent every month and the rent stays the same no matter how much you make or sell. The correct term for this type of expense would be:
   a. Variable Cost
   b. Total Variable Cost
   c. Marginal Cost
   d. Period Fixed Cost
   Ans: D L3 Difficult concept

13. You are operating a coffee shop on Bridge Street and are considering adding gelato (Italian ice cream). The most relevant cost for your do/not-do decision is:
   a. The wholesale cost of the gelato
   b. Marginal cost of renting a freezer and gelato inventory
   c. The full cost of renting a freezer, inventory and the allocating part of the labor costs of your existing “baristas” (coffee shop workers)
   d. The full cost of freezer, gelato, baristas and the prorated (divided) part of your salary as a manager of the business
   Ans: B L3 Difficult, application to new situation; compare with “cost of this course” for CBL

14. What is “cost avoidance”?
   a. Project abandonment
   b. Getting rid of expensive suppliers and making things ourselves
   c. “Buy” in the “make versus buy” decision
   d. Making customers assemble furniture
   Ans: C L3 Moderately difficult

15. If you were importing goods, why would you use a customs broker as opposed to going down to the docks and clearing goods through customs yourself?
   a. Customs brokers charge their fees to the port, not the importer so you might as well use them
   b. Customs brokers are likely to steal from us
   c. Expertise: the broker knows more about how to do this task
   d. Customs brokers charge fees to the sender, not the person who receives goods
   Ans: C L3 Easy, definitional
16. “Coopetition” is a difficult term to define. It means:
   a. Agreeing with competitors not to raise prices
   b. Cooperating with one other firm to drive smaller firms in an industry out of business
   c. Agreeing with another firm not to enter their home market if they agree not to enter ours
   d. Buying a critical component or function from a firm that also competes with us
   Ans: D L3 Difficult concept – the other answers are wrong because they are illegal.

17. What evidence was there that Homejoy had a poor Value Proposition?
   a. They were threatened with lawsuits over contractor versus employee status
   b. Many homeowners complained that they had to re-clean their houses after the HJ contractors had left
   c. Many customers downloaded the app to their phones, but never actually used it
   d. Relatively few of the customers who had bought “on deal” came back to pay full price
   Ans: D Homejoy case, discussed. Easy.

18. What is true of the customer acquisitions process?
   a. A new customer is worth as much as an existing customer, in terms of firm profitability
   b. It is a funnel with lots of prospects, fewer qualified prospects and even fewer new customers
   c. It’s pretty easy to convert identified prospects into customers
   d. The most difficult part of the process is to turn first-time customers into repeat customers
   Ans: B L4 Easy, definitional

19. Many firms now encourage customers to write online reviews of products that they’ve purchased. Why do they do this?
   a. Deepen the level of customer relationship to the brand, beyond a single transaction
   b. To save the cost of employing writers to develop their website
   c. To avoid customer service inquiries
   d. To get the customer’s e-mail and other personal information
   Ans: A L4 Moderately difficult concept: Levels of customer relationship

20. The US department store chain, JC Penney, announced this year that it is closing 158 of 1,100 stores. They will likely lose:
   a. Geographic reach
   b. Profitability as they close under-performing stores
   c. Local knowledge of consumer preferences at their remaining stores
   d. The good relationship with their remaining customers
   Ans: A L4 Moderately difficult application
21. Many “bricks” stores (physical presence actual retail stores) also sell to consumers through their website (“clicks”). What is the new term for “selling to our loyal customers who buy online”?
   a. Media buys
   b. Social media marketing
   c. Direct-to-consumer sales
   d. Internet only retailing
   Ans: C L4 Easy, definitional

22. You and your friends have a great idea for a website in the US that will provide information on Summer Study Abroad opportunities. Your friends’ initial business plan depends on being “ad supported” – the site will also show advertisements. You warn them that:
   a. Under EU rules, it’s illegal to advertise a different product on your website
   b. Some of the products advertised might have nothing to do with Study Abroad
   c. The site might become too cluttered with ads and dissuade people from using it
   d. Websites with the most daily users, such as Facebook, take almost all the available advertising dollars
   Ans: D L4 Moderate, application of concept from PPt.

23. Facebook provides a great deal of utility to people who sign up with it, and yet FB charges no membership fee. How can they give this valuable service away for free?
   a. Freemium model – professional level celebrity users like Justin Bieber and Kim Kardashian do pay a large monthly fee
   b. FB is a successful ad supported website
   c. The fixed costs of setting up FB were so low, they could afford to do this
   d. They make money on the “agency model” charging a percentage of transactions
   Ans: B L4 Easy, standard example of 3rd-party “paying for eyeballs.”

24. If you booked your flight to UK in late July, you probably paid more than your roommate who booked in late March. Airlines offering different prices at different times is a form of:
   a. Two-part pricing
   b. Illegal price discrimination
   c. Yield management
   d. Product line pricing
   Ans: C L4, on slide, easy