

San Diego State University
Imperial Valley Campus

MKTG 370
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Marketing

SAMPLE MIDTERM II

Note: On the actual exam, you will be given approximately one half page to answer each question. You do NOT need to bring a blue-book.

Please select any 8 of the following 10 questions to answer:

1. Aztecology Enterprises owns several different businesses. One unit emphasizes entertainment electronic products such as MP3 players, a very rapidly growing market where the firm has a small share. Aztecology also produces baby foods, a market that is not growing and one where the firm has a small share. Finally, Aztecology makes VHS tapes where the firm has a large share in a market that is not growing. What does the Boston Consulting Group matrix suggest that Aztecology might do?

The Boston Consulting Group (BCG) matrix suggests that the MP3 player business represents a question mark (a small market share in a rapidly growing market), baby foods represent a dog (low growth, small share), and VHS tapes represent a cash cow (low growth, high share). There may not be much that can be done with the baby foods market (unless the firm wants to go abroad), and few profits will be made. However, Aztecology is likely to make profits on VHS tapes that cannot be reinvested in that market (since growth is limited). That cash might be invested to finance growth in the MP3 player division, consumes more cash than it generates, to help it become a star.

2. What is a two-sided appeal and how does it work?

A two-sided appeal involves saying either something negative about your own product or something positive about a competing one. For example, you may say that your MP3 player is heavier than that of the competition but offers more features. Two-sided appeals tend to be perceived as more credible, generating greater trust in the positive claims being made.

3. Please discuss how Eastern and Western thinkers are likely to differ in the way they describe pictures.

Western thinkers tend to focus on the discrete parts of the pictures. Eastern thinkers tend to think of the whole, the

relationship between parts, and the context in which the object appears.

4. Please discuss how Eastern and Western thinkers differ in the way they see objects.

Oops! This appears to be a duplicate: Western thinkers tend to focus on the discrete parts of the pictures. Eastern thinkers tend to think of the whole, the relationship between parts, and the context in which the object appears.

5. Please discuss differences in child raising practices between Eastern and Western cultures.

Western parents tend to encourage children to make more choices on their own and to encourage higher self-esteem. Eastern parents tend to make more choices for parents and teach sensitivity to emotions and interests of others.

6. Nikon, a manufacturer of cameras, is interested in how focus groups might be used in research. What are some types of questions that focus groups are well suited to address and what are some for which this method is not suitable?

Focus groups are well suited for exploring questions where little is known already. Nike may want to use this method for finding consumer concerns about a completely new product. Focus groups are not well suited for finding precise information, such as the percentage of consumers preferring one product over another, since the sample size is usually small. Because focus groups take place in a group setting, they are also not well suited for topics that may be embarrassing to interviewees.

7. Intel, a manufacturer of computer microprocessors, is interested the market potential in five South American countries. Because of the need for economies of scale, the processors need to be imported into the countries. Which measure of country wealth—nominal or purchase parity adjusted per capita GDP—is most relevant here? Why?

Because microprocessors cannot be manufactured locally and have to be imported, customers in the South American countries have to pay for them in foreign currency and local costs of production are less relevant. Therefore, nominal per capita GDP would be more relevant than the purchasing power parity adjusted figure.

8. What is a SWOT Analysis and what does it involve?

A Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis involves identifying firm strengths and opportunities and how these can be used to used to minimize

weaknesses and threats. Through competitor analysis and other forms of environmental scanning, these factors are identified. A firm will then need to make decisions as to where to focus resources. The firm may decide that some threats and weaknesses are serious and not worth dealing with and that some business units should be discontinued so that resources can be focused where they are likely to give a better return.

9. How do the marketing and selling concepts differ? Why is this difference important?

The *selling concept* involves using aggressive methods—such as increased advertising, aggressive sales people, and price cuts—to sell the products that the firm currently manufactures. The *marketing concept*, in contrast, involves serving the actual *needs* that customers face even if this means changing the types of products and services currently provided. The difference is important because the strategy for each approach must be very different. The selling concept focuses on the short term, while the marketing concept requires investment up front and abandoning products that may be profitable in the short run but will not allow the firm to remain competitive in the long run.

10. Please discuss how scanner data can be useful for Vons Supermarkets.

Scanner data involves the records of customer purchases. This allows Vons to see if consumers are more likely to buy a product when it is on sale and/or receives special display space. Vons can examine if consumers actually buy more in a product category such as cola drinks when one brand is on sale or whether most consumers merely switch between brands.