



SAMPLE EXAM

MARKETING CAREER CLUSTER

THE MARKETING CAREER CLUSTER EXAM IS USED FOR THE FOLLOWING EVENTS:

FASHION MERCHANDISING AND MARKETING

MARKETING MANAGEMENT

SALES MANAGEMENT AND LEADERSHIP

These test questions were developed by the MBA Research Center. Items have been randomly selected from the MBA Research Center's Test-Item Bank and represent a variety of instructional areas. Performance indicators for these test questions are at the prerequisite, career-sustaining, and specialist levels. A descriptive test key, including question sources and answer rationale, has been provided.

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1. What is most likely to happen when interest rates rise?
 - A. Investment activity decreases.
 - B. The demand for credit increases.
 - C. Business profitability increases.
 - D. The value of the dollar decreases.
2. Which of the following is an example of a variable expense:
 - A. Employee bonuses
 - B. Wages/Salaries
 - C. Property taxes
 - D. Utility payments
3. Anita has just started her own small business. Any profits she earns will be subject to _____ taxes.
 - A. income
 - B. payroll
 - C. sales
 - D. excise
4. A business has taken out a mortgage to pay for its newest storefront. This mortgage would appear in the business's balance sheet under
 - A. capital gains.
 - B. liabilities.
 - C. income.
 - D. assets.
5. Mr. Martin said, "I want to return this software and get my money back. Before I bought it, your salesperson told me that it was compatible with my computer, but it isn't." What is the reason for Mr. Martin's complaint?
 - A. The salesperson used high-pressure sales tactics.
 - B. The product was defective.
 - C. The salesperson provided inaccurate information.
 - D. The product was labeled incorrectly.
6. Which of the following is an example of an economic good:
 - A. Guitar lessons
 - B. Car
 - C. Medical exam
 - D. Photo developing
7. Which of the following is an example of a real estate investment:
 - A. Partial ownership of a corporation
 - B. A certificate of deposit
 - C. Land to be developed in the future
 - D. A corporate bond

8. Is it possible to have sales without making a profit?
 - A. Only in businesses which sell goods
 - B. Yes
 - C. No
 - D. Only in businesses which sell services
9. In which of the following situations is an employee helping the company to control its expenses:
 - A. Kade keeps a record of repairs for the delivery van.
 - B. Tasha networks with a person in the same industry.
 - C. Harris does not count the boxes in a shipment before signing the delivery receipt.
 - D. Justice uses the company stationery for personal correspondence.
10. Which of the following is an action to take in helping the slow/methodical, or analytical, customer:
 - A. Show a large selection of products.
 - B. Pressure the customer to buy now.
 - C. Demonstrate merchandise carefully.
 - D. Tell the customer they are taking too long to decide.
11. Lauren wants to get credit through a financial institution that is owned by its members. Which source of credit is she most likely to use?
 - A. A credit union
 - B. A commercial bank
 - C. A savings and loan association
 - D. A sales finance company
12. Spotless Sparkle Window Cleaners recently lost customers because someone wrote a fake, negative review about its service and posted the review online. This is an example of a
 - A. business tort.
 - B. competitive strategy.
 - C. criminal offense.
 - D. regulation.
13. Why is it often considered unethical to gossip?
 - A. May not be courteous
 - B. Takes time away from work
 - C. Is critical of other people
 - D. Information may be false
14. Dax owns a small photography business. He wants to project a warm, friendly image to the public, so he makes sure his website, marketing efforts, and employees are all welcoming and approachable. Dax is concerned with
 - A. networking.
 - B. expanding.
 - C. supporting a cause.
 - D. branding.

15. Which of the following is an example of a quality control method used in the workplace:
- A. A factory production line makes 2,465 widgets per minute.
 - B. An accounts receivable employee submits a weekly report.
 - C. An advertising manager corrects a copywriter's ad copy.
 - D. A human-resources manager completes paperwork for a new hire.
16. Having well-planned buildings and providing effective employee training are ways that a business can _____ business risks.
- A. retain
 - B. transfer
 - C. prevent or control
 - D. insure against
17. What is a production activity that helps businesses decide how much to produce?
- A. Scheduling
 - B. Transforming
 - C. Budgeting
 - D. Forecasting
18. What type of insurance provides financial support to loved ones in the event of your death?
- A. Renter's insurance
 - B. Disability insurance
 - C. Health insurance
 - D. Life insurance
19. Why does Dan order extra copy paper, Post-it notes, and printer ink cartridges for the department when he places an order for office supplies?
- A. To reduce the need to forecast
 - B. To prevent stockouts
 - C. To ensure product quality
 - D. To meet minimal expectations
20. How does your ability to comply with laws and regulations relate to your career?
- A. Your career might involve some specific laws that you will have to learn.
 - B. You will not get a job unless you memorize all the local laws.
 - C. You'll naturally pick up on the laws related to your career without trying.
 - D. Your employer might expect you to break laws and regulations.
21. When a business owner or manager uses a budget, they
- A. have to try to make it interesting.
 - B. make more informed decisions.
 - C. can more accurately evaluate employees.
 - D. demonstrate leadership.

22. Which of the following is a drawback to using internet cookies as a promotional tool:
- A. The government routinely uses cookies to spy on citizens.
 - B. Computers tend to “eat” advertisers' cookies.
 - C. Cookies are expensive for consumers to purchase.
 - D. People often use multiple computers throughout their day.
23. Which of the following is an example of price fixing:
- A. One business acquires another business so that it can expand its product line.
 - B. One business agrees to sell a brand item to a customer for 10 percent less than its competitor.
 - C. Two competing businesses agree to set the same price for similar items in their product lines.
 - D. Two different types of businesses export goods and sell the items below cost.
24. The process of coding is part of which step of the marketing research process?
- A. Preparation
 - B. Analysis
 - C. Collection
 - D. Presentation
25. A company is most likely to lower product pricing when the overall economy is experiencing a period of
- A. deflation.
 - B. recovery.
 - C. recession.
 - D. prosperity.
26. Ben recently purchased a phone. The manufacturer provided a form and a special code with the phone's packaging. Ben completed the form, copied his sales receipt, and mailed these items back to the manufacturer along with the part of the packaging that contained the special code. Within six weeks, Ben received a \$50 check from the phone manufacturer. What type of sales-promotion technique was used?
- A. Warranty
 - B. Rebate
 - C. Coupon
 - D. Sweepstakes
27. What is a technologically advanced method that allows businesses to produce products that are specialized for very few customers?
- A. Intermittent conversion
 - B. Computerized robotics
 - C. Mass customization
 - D. Automatic production
28. Which of the following is an example of salespeople behaving ethically when dealing with customers:
- A. Explaining the money-back guarantee
 - B. Giving an unusually high discount
 - C. Offering an expensive weekend trip
 - D. Saying the product will increase profit

29. Which of the following is a reason for a business to have a narrow product mix:
- A. To use a wide range of prices
 - B. To reduce the costs of the goods the company purchases for resale
 - C. To allow the company to specialize
 - D. To allow the company to meet the needs of a variety of consumers
30. Which of the following best describes the mode when evaluating a data set:
- A. The average of the data set
 - B. The difference between the highest and lowest value
 - C. The value that most frequently occurs
 - D. The middle value of the data set
31. Jen's Ice Cream Shop has been facing declining sales ever since a new grocery store opened up next door. Jen thinks that the grocery store's cheap ice cream prices have driven people away from her shop. As a result, Jen decides to put up advertisements for her weekly specials on the grocery store's community board. She even lowers prices on some of her ice creams to be more competitive. However, after she does some research, Jen realizes that the cause of her declining sales isn't the grocery store, after all. It's the poor weather! This example best demonstrates the importance of
- A. addressing the root of a marketing problem.
 - B. leveraging the business's strengths to help it succeed.
 - C. opening a business in the appropriate climate.
 - D. choosing a location away from other businesses.
32. To reduce the time it takes to manually enter marketing-research results into a computer database, many businesses are using
- A. spreadsheet software programs.
 - B. online security systems.
 - C. optical scanning devices.
 - D. frequency distribution applications.
33. One of the first steps in the marketing planning process involves developing the _____ of the business.
- A. pricing strategy
 - B. distribution systems
 - C. promotional methods
 - D. basic objectives
34. Positioning a corporate brand involves communicating the brand's _____ to the target markets.
- A. size
 - B. slogan
 - C. value
 - D. logo
35. All of the components of a well-designed print advertisement should present a
- A. powerful opinion.
 - B. unified message.
 - C. humorous scenario.
 - D. formal appearance.

36. As a result of ongoing product updates and changes, businesses must address ethical issues associated with
- A. demographics.
 - B. planned obsolescence.
 - C. taxation.
 - D. international markets.
37. Becky, a salesperson for a small business, was asked to sell the remaining seasonal items from the winter stock. Not allowed to lower the price, she set up a display at the front of the business and suggested it to every customer who entered. This is an example of what characteristic of a good salesperson?
- A. Personal appearance
 - B. Selling skills
 - C. Personalized communication
 - D. Customer satisfaction
38. Why is it important for businesses to channel management with other marketing activities?
- A. To arrange transportation
 - B. To manage inventory levels
 - C. To provide customer service
 - D. To plan warehouse space
39. What is a type of product information that salespeople can obtain from customers?
- A. Ways to use
 - B. Ingredients
 - C. Cost to develop
 - D. Specifications
40. The way that a business positions its goods and services affects how its customers _____ the products.
- A. perceive
 - B. use
 - C. trade
 - D. outsource
41. Which of the following is a question that a business should answer about its target market while conducting a situation analysis:
- A. How are our financing methods affecting our company's growth?
 - B. What are our customers buying?
 - C. Are we operating at peak efficiency?
 - D. Which shipping companies are we using?
42. Which of the following is considered to be a disadvantage of promotion:
- A. Promotion may enhance a company's image.
 - B. Promotion encourages a higher standard of living.
 - C. Promotion can encourage consumers to buy unwanted goods.
 - D. Promotional activities educate consumers.

43. One reason why it is important for businesses to use public relations activities to reach external audiences is to
- A. pass on positive information.
 - B. sell useful products.
 - C. compile customer databases.
 - D. measure the community response.
44. A company sells its below-standard clothing at outlet stores, while it sells its higher grade clothing in department stores. The company uses grades and standards to
- A. indicate product safety.
 - B. help salespeople.
 - C. indicate how the product can be used.
 - D. indicate where the product will be sold.
45. What method of forecasting sales is based on expert opinion and personal experience?
- A. Long-term forecasting
 - B. Quantitative
 - C. Qualitative
 - D. Intermediate forecasting
46. At the end of the quarter, a producer ships an excessive amount of inventory to other channel members and books those products as sales. As a result, the other channel members were left with a larger supply than they planned. This unethical practice is known as
- A. the gray market.
 - B. channel stuffing.
 - C. a monopoly.
 - D. price discrimination.
47. Campbell's Chicken Noodle, Cream of Mushroom, and Tomato soups are examples of _____ branding.
- A. family
 - B. private
 - C. individual
 - D. licensed
48. The ERG Theory suggests that buyers are motivated by three levels of needs--existence, relatedness, and growth--and that all three types of needs
- A. require immediate fulfillment.
 - B. involve the same level of intensity.
 - C. must be met in a specific order.
 - D. can all exist at the same time.
49. Which of the following best describes effective survey questions:
- A. Clear and neutral
 - B. Neutral and ambiguous
 - C. Complex and universal
 - D. Ambiguous and complex

50. What is wrong with a survey question that asks, "How would you rate our customer service and product quality?"
- A. It influences the respondent's answer by inserting an opinion.
 - B. It uses unfamiliar terminology that could confuse respondents.
 - C. It asks respondents to assess two different topics at the same time.
 - D. It is an open-ended question that limits the respondent's answer.
51. What type of technology enables a businessperson to bypass intermediaries to book a hotel room or rental car on their phone?
- A. Online reservation systems
 - B. Company intranet applications
 - C. Radio frequency identification
 - D. Broadband router software
52. The goal of channels of distribution is to move products from producers to
- A. middlemen.
 - B. intermediaries.
 - C. industrial distributors.
 - D. final consumers.
53. Which of the following is a source of error in the research process:
- A. Project purpose
 - B. Sample design
 - C. Interview location
 - D. Key summary
54. Which of the following is an advantage of using the internet for direct marketing:
- A. It eliminates the need for other types of marketing.
 - B. It is a relatively affordable form of marketing.
 - C. It involves face-to-face contact with customers.
 - D. It is less flexible than other forms of marketing.
55. Which of the following is the primary ethical consideration if one business sells a customer list to another business:
- A. Publicity
 - B. Exaggeration
 - C. Exclusivity
 - D. Privacy
56. Which of the following represents a direct channel of distribution:
- A. Producer to retailer to consumer
 - B. Producer to consumer
 - C. Producer to agent
 - D. Producer to wholesaler to retailer to consumer

57. Market researchers often impose self-regulations that go beyond governmental regulations because
- A. self-regulation helps to build trust with customers.
 - B. they can overrule governmental regulations.
 - C. self-regulation leads to higher market share.
 - D. they can limit and control customer influence.
58. Why is it important for selling policies to have a bit of flexibility?
- A. To provide special treatment
 - B. To decide which ones to enforce
 - C. To make an occasional exception
 - D. To interpret them differently
59. The results of descriptive research are often
- A. vague.
 - B. quantitative.
 - C. qualitative.
 - D. unreliable.
60. Brielle's company is building a new manufacturing plant in Cordova, Alaska, so she organizes an event to gain local support. Brielle is engaging in which of the following types of public relations activity:
- A. Community relations
 - B. Employee relations
 - C. Crisis management
 - D. Public affairs
61. How can a business gain external information about the environment in which it operates?
- A. Research industry trends through trade publications.
 - B. Use sales volume analysis to assess the effectiveness of sales in a specific region.
 - C. Examine service call records and product returns.
 - D. Track digital marketing analytics to determine the number of site visits.
62. Which of the following is true about a survey-sampling plan:
- A. Represents a larger group
 - B. Is more reliable than observation
 - C. Tends to have extremely low error rates
 - D. Eliminates respondent bias
63. Why is it important to track the effectiveness of marketing efforts?
- A. It makes goals easier to remember.
 - B. When a strategy is not effective, companies will halt all marketing efforts.
 - C. Being able to demonstrate success is essential to obtaining funding or moving forward.
 - D. It provides data about the target market.

64. While setting prices, a business checks to make sure it is abiding by state and federal laws. This is an example of a business considering _____ when setting prices.
- A. competition
 - B. supply and demand
 - C. government regulation
 - D. costs
65. Real market opportunity occurs when
- A. an identified want exists.
 - B. supply exceeds demand.
 - C. entrepreneurs brainstorm ideas.
 - D. a good or service can be produced efficiently.
66. A business that provides excellent customer service is more likely to
- A. provide rebates.
 - B. obtain referrals.
 - C. have narrow profit margins.
 - D. expand its product line.
67. What is a regulatory factor that affects promotion on an international level?
- A. Cost of media placement
 - B. Price of comparable products
 - C. Culture of specific countries
 - D. Types of products being advertised
68. What usually happens when a brand is promoted heavily at its introduction?
- A. The firm's expenses are reduced.
 - B. The brand will not require positioning.
 - C. The brand is often profitable sooner.
 - D. The brand's introduction stage is lengthened.
69. A local business's advertisement headline states, "REINVENT YOURSELF IN MINUTES." Which of the following approaches is the advertiser using:
- A. Solving a problem
 - B. Arousing curiosity
 - C. Making a claim
 - D. Promising a benefit
70. Which of the following advertising media offers the easiest means to evaluate the effectiveness of an advertisement:
- A. Direct mail
 - B. Radio
 - C. Newspaper
 - D. TV

71. Messages, cooking lessons, and internet connections are examples of
- A. product lines.
 - B. private labels.
 - C. services.
 - D. brand-name products.
72. To generate new product ideas, the KLH Company often holds employee brainstorming sessions, which are part of the
- A. screening analysis.
 - B. creative-thinking process.
 - C. market-testing strategy.
 - D. feasibility study.
73. What is one way that businesses use marketing information?
- A. To monitor customers
 - B. To handle objections
 - C. To purchase brands
 - D. To change promotions
74. One benefit of having products preprinted with UPC labels that contain the price is that businesses are able to
- A. eliminate the need to examine each item upon delivery.
 - B. move the items from receiving directly to the sales floor.
 - C. buy the products at a reduced rate.
 - D. order only enough products for a short time.
75. Which of the following would be the marketing information most likely to be gathered and analyzed by a marketing-information management system:
- A. Consumer trends
 - B. Historical data
 - C. Employee absences
 - D. Unchanging events
76. Which of the following is an example of product bundling:
- A. Buy service M and receive a coupon to use for future purchases.
 - B. Buy item Z and receive a \$50 manufacturer's rebate.
 - C. Buy item Y and receive service W free for six months.
 - D. Buy product X and receive a \$15 discount if it is paid within 10 days.
77. What is an advantage to a business of posting information about products and pricing on its website?
- A. Generates a customer list
 - B. Supports the selling function
 - C. Identifies a target market
 - D. Creates a positive image

78. Advertising agencies are independent service businesses that
- A. prepare advertising for clients.
 - B. operate on a regional basis.
 - C. provide training for advertisers.
 - D. provide free advertising advice.
79. What type of channel conflict might occur if the manufacturer of a specific brand begins to allow retailers other than the authorized retailers to sell the brand-name products?
- A. Industrial
 - B. Horizontal
 - C. Contractual
 - D. Vertical
80. Which of the following guidelines must be followed when using the relay brainstorming creative-thinking method:
- A. You can only use relay brainstorming alone.
 - B. You can respond in any order.
 - C. You cannot help your teammates.
 - D. You cannot compete against others.
81. Which of the following is an intangible benefit that might be included in a cost-benefit analysis:
- A. Decreased expenses
 - B. Increased profits
 - C. Reduced employee turnover
 - D. Increased convenience
82. A feasibility study can form a solid foundation for which of the following business documents:
- A. Balance sheet
 - B. Income statement
 - C. Business plan
 - D. Annual sales report
83. Which of the following tasks generally falls under project management:
- A. Doing the tactical, day-to-day project work
 - B. Analyzing financial ratios
 - C. Allocating project resources
 - D. Giving permission for the project to proceed
84. The government can restrict the flow of money by
- A. increasing purchases.
 - B. raising taxes.
 - C. lowering interest rates.
 - D. increasing employment.

85. When assessing the overall performance of a work team, important factors to consider include team cohesiveness and
- A. communication skills.
 - B. customer orientation.
 - C. service standards.
 - D. compensation needs.
86. How can companies best listen to and engage their customers through social media?
- A. By responding to customers' interests and questions on social networks
 - B. By regularly posting and sharing about new company developments
 - C. By creating a blog and regularly posting articles of interest to customers
 - D. By viewing popular social networking sites for trends and messages
87. Keeping reliable financial records helps businesses to
- A. track income and expenses.
 - B. retrieve records in a disaster.
 - C. prevent depreciation from occurring.
 - D. time their promotions appropriately.
88. Entrepreneurs who act ethically are less likely to
- A. preserve the environment.
 - B. enjoy support from suppliers.
 - C. make a profit long term.
 - D. harm their customers.
89. Which of the following are the four elements of tort law:
- A. Duty, breach of duty, negligence, injury
 - B. Injury, intentional torts, duty, breach of duty
 - C. Duty, breach of duty, causation, injury
 - D. Injury, strict liability, product liability, duty
90. Colleen will vote next week on the new contract that her union has negotiated with management. Union and management are in the _____ stage of the collective-bargaining process.
- A. tentative agreement
 - B. preparation and research
 - C. ratification of contract
 - D. contract settlement
91. Why would a business use a contraction strategy for its product mix?
- A. To decrease the amount of profitable product items
 - B. To add product items by merging with another company
 - C. To increase the depth of its overall offerings
 - D. To remove unprofitable goods and services

92. Due to legal considerations, firms should be most cautious of entering into _____ distribution relationships.
- A. selective
 - B. multi-level
 - C. intensive
 - D. exclusive
93. Which of the following is an important decision that product planners often make:
- A. Brand name
 - B. Promotional strategies
 - C. Credit policy
 - D. Research method
94. Marketing research can affect the business's marketing mix by providing information about various locations that will influence the business's _____ decision.
- A. product
 - B. place
 - C. price
 - D. promotion
95. A business might consider marketing its products on a global level if it
- A. can use its existing promotional activities in other countries.
 - B. determines that it can achieve a competitive edge.
 - C. develops new goods and services for each market.
 - D. can obtain the necessary natural resources.
96. When conducting a market analysis, businesses often determine the
- A. industry focus.
 - B. market potential.
 - C. market segment.
 - D. sales forecast.
97. Holding a focus group is one way for a business to collect _____ marketing-research data.
- A. primary
 - B. statistical
 - C. secondary
 - D. complementary
98. Public relations employees are often tasked with crafting a company's
- A. products.
 - B. image.
 - C. financial documents.
 - D. hiring practices.

99. What type of data-collection method is being used when a researcher conducts a focus group?
- A. Telemarketing
 - B. Statistical
 - C. Probability
 - D. Interview
100. Nilesch sells a product to his customer, but he doesn't check to see if it passed its most recent safety test. Nilesch is guilty of
- A. misrepresentation.
 - B. negligence.
 - C. bribery.
 - D. libel.



KEY

Test Number 1335

Marketing Exam

Fashion Merchandising and Marketing Event
Marketing Management Event
Sales Management and Leadership Event

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1. A

Investment activity decreases. When interest rates increase, consumer and business spending tend to decrease because the cost of buying on credit becomes more expensive. As a result, individuals and businesses save rather than spend; the demand for credit tends to decrease; business profitability declines due to reduced consumer spending; and businesses are less likely to invest their money and expand business activities. When policies are implemented to control inflation, interest rates increase, the money supply tightens, and lenders approve fewer loans. Therefore, the value of the dollar increases.

SOURCE: EC:084 Explain the economic impact of interest-rate fluctuations

SOURCE: Seabury, C. (2024, October 15). *How interest rates affect the U.S. markets*. Retrieved October 9, 2025, from <https://www.investopedia.com/articles/stocks/09/how-interest-rates-affect-markets.asp>

2. A

Employee bonuses. Operating costs that fluctuate with changes in production are called variable expenses. When a company produces more of a product, variable expenses go up. Examples of variable expenses include advertising and promotion; travel expenses; sales commissions; employee bonuses, permits, and fees; and the cost of providing free shipping, delivery, or installation. Utility payments, property taxes, and wages/salaries are examples of fixed expenses—expenses that must be paid no matter what.

SOURCE: OP:024 Explain the nature of overhead/operating costs

SOURCE: LAP-OP-024—Watch Your (Over) Head (Overhead/Operating Costs)

3. A

Income. Income taxes are a portion of an individual's or business's earnings owed to the government. Any business profits will be taxed by income taxes. A payroll tax is a tax on employment, paid by both employers and employees. Sales tax is a tax on retail purchases. Excise taxes are taxes on products such as gasoline and alcohol; they are built into the product's overall price.

SOURCE: EC:072 Describe the nature of taxes

SOURCE: LAP-EC-072—Pay Your Share (Business Taxes)

4. B

Liabilities. Liabilities are debts that the business owes. A mortgage is a type of loan used to pay for individual or commercial property ownership, which is an example of debt. Assets are anything of value the business owns. Assets would include cash on hand, accounts receivable, and inventory owned by the business. Income is money received by a business or an individual from an outside source. Capital gain refers to the difference between the purchase price and selling price of an investment.

SOURCE: FI:085 Explain the concept of accounting

SOURCE: LAP-FI-085—Show Me the Money (Nature of Accounting)

5. C

The salesperson provided inaccurate information. Product returns are costly to a business, but businesses can take steps to lower product return rates. Because salespeople are in contact with customers, they can lower return rates by learning about the business's products and applying that knowledge to provide customers with accurate information. Businesses can help salespeople gain product knowledge by providing product training. By training salespeople about products, businesses can reduce the risks associated with salespeople giving incorrect product information, as described in the example provided. There is not enough information provided to determine if the product was defective or labeled incorrectly or if the salesperson used high-pressure sales tactics.

SOURCE: CR:010 Handle customer/client complaints

SOURCE: Chargeback Gurus. (2024, February 29). *The 12 most common reasons for returns*. Retrieved October 7, 2025, from <https://www.chargebackgurus.com/blog/return-reasons>

6. B

Car. For something to be called an economic good, it must be a physical object, capable of satisfying human wants and needs, and have monetary value. Of the items listed, the car is the only economic good. The other alternatives are economic services.

SOURCE: EC:002 Distinguish between economic goods and services

SOURCE: LAP-EC-902—Get the Goods on Goods and Services (Economic Goods and Services)

7. C

Land to be developed in the future. Real estate is property, such as land to be developed in the future. If the property becomes more valuable, investors can sell it for a profit. A certificate of deposit is a lending investment in which an individual lends money to a bank to earn a set rate of interest for a specified period of time. A bond is a lending investment in which an individual lends money to a government, municipality, or corporation to earn a set rate of interest for a specified time period. Partial ownership of a corporation is stock.

SOURCE: FI:077 Explain types of investments

SOURCE: LAP-FI-077—Invest for Success (Types of Investments)

8. B

Yes. It is possible for any business to have sales, yet not make a profit. Before a profit can be made, sales must be high enough to cover expenses and have money left over. A business that sells goods or services for less than the product's cost may have very high sales, yet never make a profit. Whether a business sold goods or services would have no bearing on the situation.

SOURCE: EC:010 Identify factors affecting a business's profit

SOURCE: LAP-EC-910—Risk Rewarded (Factors Affecting Profit)

9. A

Kade keeps a record of repairs for the delivery van. By keeping a record of repairs for the delivery van, Kade is helping the company to control its expenses by helping them make informed buying decisions based on the van's history. Without a record, the company may spend money on unnecessary repairs to the van. Neither Justice nor Tasha is helping the company control its expenses. By not counting the boxes in a shipment before signing the delivery receipt, Harris risks his company losing money on an inaccurate order.

SOURCE: OP:025 Explain employee's role in expense control

SOURCE: Kenton, W. (2025, September 2). *Boost profits with effective cost control strategies for businesses*. Retrieved October 7, 2025, from <https://www.investopedia.com/terms/c/cost-control.asp>

10. C

Demonstrate merchandise carefully. Slow/Methodical, or analytical, customers require a lot of time in making buying decisions. They want to know everything about a product so that they make the best decision. In addition, they do not buy immediately. They want time to think about and research the product. As a salesperson, it is important to demonstrate merchandise carefully to avoid overwhelming the customer, pressuring them into a buying decision, or disuading them from making a purchase. Showing a large selection of products risks being overwhelming to the customer. Salespeople should never pressure the customer to buy now or tell them they are taking too long to make a buying decision.

SOURCE: CR:009 Handle difficult customers

SOURCE: Indeed. (2025, March 26). *9 types of customers and how to approach them*. Retrieved October 7, 2025, from <https://www.indeed.com/career-advice/career-development/types-of-customers>

11. A

A credit union. Credit unions are cooperative financial institutions that are owned by their members. These institutions usually have some requirement for membership, such as working for a certain company, belonging to a certain labor union, or living in a certain geographic area. Similar to banks, they provide savings accounts and credit services. They usually offer their members small loans, installment credit, and low interest rates. Commercial banks are full-service banks that offer a variety of credit services, including secured and unsecured loans, installment credit, and bank credit cards. Savings and loan associations began as home loan institutions. Today, they make loans similar to those made by commercial banks, but many of their loans are still for real estate purchases. Sales finance companies offer credit through retailers such as car dealerships.

SOURCE: FI:002 Explain the purposes and importance of credit

SOURCE: LAP-FI-002—Give Credit Where Credit Is Due (Credit and Its Importance)

12. A

Business tort. Business torts are wrongful acts committed against businesses that cause financial loss. One type of business tort is trade libel, which is publishing an untrue statement against a business that causes damage to the business. The fake, negative review caused Spotless Sparkle Window Cleaners to lose customers, so it is an example of a business tort. It is not a criminal offense, because the state cannot press charges against the fake reviewer. There is no indication that this instance is related to competitive strategy. Regulation is not related to this example.

SOURCE: BL:069 Identify the basic torts relating to business enterprises

SOURCE: Feldman & Feldman. (2024, September 11). *The different types of business torts*. Retrieved October 7, 2025, from <https://feldman.law/news/the-different-types-of-business-torts/>

13. D

Information may be false. Gossiping involves talking about other people or situations and often includes spreading rumors. It is often considered unethical to gossip because the information may be false. When false rumors are spread, people may be hurt by the inaccurate or incorrect information. To be ethical, people should avoid gossiping rather than risk spreading false information. Gossip is not considered unethical because it often takes time away from work, may not be courteous, and is critical of other people. However, these are other reasons to avoid gossiping.

SOURCE: EI:038 Explain ethical considerations in providing information

SOURCE: Indeed. (2025, July 24). *How to handle workplace gossip and reduce negativity*. Retrieved October 7, 2025, from <https://www.indeed.com/career-advice/career-development/gossip-in-workplace>

14. D

Branding. Dax's company, like most businesses, has branding goals geared toward projecting a certain image to the public. Dax wants to control how his company is perceived in consumers' minds. Supporting a cause refers to a business identifying with a nonprofit organization like the Red Cross. Many companies set goals for expansion that don't have much to do with projecting a certain image. They may want to create a new product line, build a larger facility, or merge with another company. Image-cultivation is not a common strategy used in networking.

SOURCE: MK:015 Discuss actions employees can take to achieve the company's desired results

SOURCE: LAP-MK-015—Act Now! (Employee Actions and Company Goals)

15. C

An advertising manager corrects a copywriter's ad copy. An important aspect of quality control is reviewing the finished product to determine if it meets the business's quality standards. Quality is measured throughout all business functions. For example, an advertising manager may be responsible for proofreading and editing a copywriter's work to ensure that the information is accurate and reflects the ad's objective. This process ensures that the ad's quality aligns with the company's overall objectives. The remaining options are routine activities in which the quality of the work is not being evaluated.

SOURCE: OP:164 Utilize quality control methods at work

SOURCE: Hayes, A. (2025, May 21). *Quality control (QC): What it is, how it works, and QC careers*. Retrieved October 9, 2025, from <https://www.investopedia.com/terms/q/quality-control.asp>

16. C

Prevent or control. Both of the examples (having well-planned buildings and providing effective employee training) involve planning that can help prevent or control risk. Transferring risk involves passing the risk to someone else, often by purchasing insurance. Retaining risk involves keeping it.

SOURCE: EC:011 Determine factors affecting business risk

SOURCE: LAP-EC-911—Lose, Win, or Draw (Business Risk)

17. D

Forecasting. Forecasting is predicting how much of a product consumers will want to buy in a given period of time. Forecasting is important because businesses do not want to produce many more products than consumers will buy. Businesses consider such factors as previous sales and current economic conditions in order to predict demand and decide how many products to produce. Scheduling establishes the timetable to be followed in production. Budgeting is estimating what income and expenses will be for a specific period of time. Transforming is turning raw materials into finished products.

SOURCE: OP:017 Explain the concept of production

SOURCE: LAP-OP-017—Can You Make It? (Nature of Production)

18. D

Life insurance. Insurance is a contractual agreement in which one company (insurer) will pay for specified losses incurred by the other company (insured) in return for installment payments (premium). Many individuals purchase life insurance policies to ensure that their loved ones receive financial support in the event of death. Life insurance is a wise purchase for an individual whose loved ones (e.g., spouse, children, parents, etc.) would suffer financially without the deceased's income. Disability insurance provides financial support in the event that you cannot work due to an injury or illness. Health insurance helps cover the cost of medical expenses. Renter's insurance protects you from loss in the event that your personal property is damaged or lost while living in a rented apartment or house.

SOURCE: FI:081 Describe the concept of insurance

SOURCE: Howard, P. (2025, September 4). *Life insurance: What it is, how it works, and how to buy a policy*. Retrieved October 7, 2025, from <https://www.investopedia.com/terms/l/lifeinsurance.asp>

19. B

To prevent stockouts. Safety stock or buffer stock are extra items ordered to prevent stockouts. When supplies are out of stock, the employees do not have the tools to perform their jobs. Many businesses have policies to order a certain level of extra items to avoid stockouts. Ordering extra supplies will not ensure product quality or reduce the need to forecast usage. Dan would only order exactly what is needed if he were ordering to meet minimal expectations.

SOURCE: OP:031 Maintain inventory of supplies

SOURCE: Jenkins, A. (2025, March 31). *Safety stock: What it is & how to calculate*. Retrieved October 7, 2025, from <https://www.netsuite.com/portal/resource/articles/inventory-management/safety-stock.shtml>

20. A

Your career might involve some specific laws that you will have to learn. Your career will have an impact on the types of laws that you should learn. As an example, a nurse learns all about health care privacy laws during their training, but a marketing specialist at a fashion retailer wouldn't need to know the specifics of these laws. It is not true that you will not get a job unless you memorize all the local laws; it is nearly impossible to memorize every local law. Your employer should not expect you to break laws and regulations. While you may pick up on laws related to your career without trying, there is no guarantee that you will, and you most likely will have to actively learn the laws.

SOURCE: BL:163 Comply with the spirit and intent of laws and regulations

SOURCE: LAP-BL-163—Laying Down the Law (Complying With the Spirit and Intent of Laws and Regulations)

21. B

Make more informed decisions. When a business owner or manager uses a budget, they make more informed decisions. A manager who uses a budget can make better decisions about the company's day-to-day activities by keeping the overall budget in mind. They may or may not demonstrate leadership by doing so. Being interesting is not necessarily a feature of budgets, but a budget might be interesting to a manager. Using a budget as a way to evaluate employees may not be effective because budgets are estimates, and there are often valid reasons to adjust them.

SOURCE: FI:106 Describe the nature of budgets

SOURCE: LAP-FI-106—Money Tracks (Nature of Budgets)

22. D

People often use multiple computers throughout their day. Marketers often use internet cookies to determine which ads to deliver to which customers based on previous websites that customers have visited. Because a person often uses more than one computer during a typical day (e.g., home computer, laptop computer, business computer), advertisers cannot get a very accurate, clear picture of what the person's interests really are. Therefore, advertisers may target ads towards the wrong consumers. Computers do not commonly "eat" cookies, but consumers may erase the cookies from their computers whenever they please. Consumers do not pay for cookies. In fact, consumers often do not know that they are the recipients of cookies. The government does not routinely use cookies to spy on its citizens.

SOURCE: PR:100 Describe the use of technology in the promotion function

SOURCE: Kaspersky. (2025). *What are cookies?* Retrieved October 7, 2025, from <https://usa.kaspersky.com/resource-center/definitions/cookies>

23. C

Two competing businesses agree to set the same price for similar items in their product lines. Price fixing is an illegal business agreement in which businesses agree on prices of their goods or services resulting in little choice for the consumer. Selling a brand item for less than a competitor sells the item, acquiring another business, and two businesses selling different products below cost are not examples of price fixing.

SOURCE: PI:017 Explain legal considerations for pricing

SOURCE: Federal Trade Commission. (n.d.). *Price fixing*. Retrieved October 7, 2025, from <https://www.ftc.gov/advice-guidance/competition-guidance/guide-antitrust-laws/dealings-competitors/price-fixing>

24. B

Analysis. Coding is a process which assigns a score to each response within a data set. This is done to make analysis easier. Collecting data includes processes like conducting surveys. Presentation is the step where the conclusions of the research are presented to the business so that the business can act upon the results of the research. Preparation is the step where questions for the surveys are chosen, the sample size is chosen, and the method of data collection is decided upon.

SOURCE: IM:062 Explain techniques for processing marketing data

SOURCE: Smart Bug. (2023, March 14). *The 5-step marketing research process*. Retrieved October 7, 2025, from <https://www.smartbugmedia.com/blog/the-5-step-marketing-research-process>

25. C

Recession. A recession is a contraction of the GDP (gross domestic product) that lasts at least six months. During this phase of the business cycle, business activity slows down. As a result, unemployment occurs and consumers tend to buy less because they have less disposable income, which lowers demand. In response to lower demand, businesses often reduce their prices in order to survive until demand increases. Recovery and prosperity are phases of the business cycle that experience an increase in demand and spending. It is during these phases that demand can exceed supply. As a result, businesses are more likely to increase their prices. Deflation is not a common term used to describe a phase in the business cycle.

SOURCE: PI:002 Explain factors affecting pricing decisions

SOURCE: LAP-PI-902—Make Cents (Factors Affecting Selling Price)

26. B

Rebate. Sales-promotion techniques are activities other than advertising, selling, and personal selling that stimulate customer purchases. A rebate is a sales-promotion technique in which a business (manufacturer) returns part of the price that a customer (Ben) pays for a good (cell phone) or service. Rebates stimulate sales because customers want to receive money back for their purchases. Couponing involves the use of printed certificates that entitle the holder to a reduced purchase price. Coupons are generally processed at the point of sale. Sweepstakes involve a game of chance in which a customer wins a prize. A warranty is a promise made by the seller to the customer that the seller will repair or replace a product that does not perform as expected. A warranty is a benefit of purchase rather than a sales-promotion technique.

SOURCE: PR:249 Identify communications channels used in sales promotion

SOURCE: Hayes, A. (2025, October 4). *Understanding rebates: Definition, types, and comparison to discounts*. Retrieved October 7, 2025, from <https://www.investopedia.com/terms/r/rebate.asp>

27. C

Mass customization. Computerization and the technology of mass production have created the method of mass customization which allows businesses to produce customized products for one customer or only a very few customers. Businesses that use a mass-customization method can produce large quantities of one product in many different varieties. This method allows businesses to meet the individual needs of many customers by making variations of one product. Automatic production, computerized robotics, and intermittent conversion are not methods that allow businesses to produce products that are specialized for very few customers.

SOURCE: PM:039 Describe the use of technology in the product/service management function

SOURCE: Indeed. (2025, June 6). *What is customization in marketing? (4 types and benefits)*. Retrieved October 7, 2025, from <https://www.indeed.com/career-advice/career-development/customization-in-marketing>

28. A

Explaining the money-back guarantee. Ethics are the basic principles that govern a salesperson's behavior. Salespeople who are ethical treat customers fairly, present their products truthfully, and provide as much information as possible. Explaining the money-back guarantee is an example of ethical behavior because salespeople are reassuring customers that their money will be refunded if they are not satisfied with the product. Offering an expensive weekend trip might be unethical if it is actually a bribe. Saying the product will increase profit might be unethical if the salesperson is exaggerating or misrepresenting the product's capabilities. Giving an unusually high discount might be illegal if the same type of discount is not available to all customers who buy the same quantity of the same product.

SOURCE: SE:106 Explain legal and ethical considerations in selling

SOURCE: LAP-SE-106—Keep It Real—In Sales (Legal and Ethical Considerations in Selling)

29. C

To allow the company to specialize. A company that has a narrow product mix offers a limited number of product lines. This enables the company to specialize effectively, to produce efficiently, and to concentrate on marketing the product lines. The needs of a variety of consumers and the use of a wide range of prices are addressed with a deep product mix. A broad product mix reduces the costs of goods a company purchases for resale.

SOURCE: PM:003 Explain the concept of product mix

SOURCE: LAP-PM-003—Mix and Match (The Nature of the Product Mix)

30. C

The value that most frequently occurs. In descriptive statistics, the mode refers to the value that occurs most frequently in a data set. The average of a data set is the mean, which is calculated by adding all numbers in the data set and then dividing by the number of values in the set. The median refers to the middle value of a data set when it is ordered from least to greatest. The range of a data set is simply the highest value in a data set minus the lowest value.

SOURCE: IM:191 Explain the use of descriptive statistics in marketing decision making

SOURCE: Indeed. (2025, June 24). *How to calculate mode in statistics (with examples)*. Retrieved October 7, 2025, from <https://www.indeed.com/career-advice/career-development/calculate-mode>

31. A

Addressing the root of a marketing problem. If a business tries to address the symptoms of a problem without actually discovering the real problem, the business risks wasting valuable time and resources. Jen's decision to jump into a plan of action without doing sufficient research demonstrates the importance of addressing the root of a marketing problem. If Jen had known that the weather was the reason for declining sales, she could come up with a more effective strategy to combat the issue. This example does not necessarily demonstrate the importance of choosing a location away from other businesses, opening a business in the appropriate climate, or leveraging the business's strengths to help it succeed.

SOURCE: IM:282 Discuss the nature of marketing research problems/issues

SOURCE: LAP-IM-282—What's the Problem? (Marketing Research Problems)

32. C

Optical scanning devices. An optical scanner is an electronic device that copies or reads documents and then transmits the information to a computer. Using optical scanning devices to summarize marketing research results saves time because the data does not need to be manually entered into the computer. Online security systems protect information that is transmitted through or stored on the internet. Spreadsheet software programs record and calculate various types of numerical data. Frequency distribution refers to the number of times a specific variable appears in marketing research data.

SOURCE: IM:183 Describe the use of technology in the marketing-information management function

SOURCE: Lenovo. (2025). *What is an optical reader?* Retrieved October 7, 2025, from <https://www.lenovo.com/us/en/glossary/what-is-optical-reader/>

33. D

Basic objectives. Objectives are the goals a business wants to achieve. Before a business can proceed with the marketing planning process, it must first develop its basic objectives such as to increase profits by a certain percent or increase market share by a certain amount. The most effective objectives clearly state what the business hopes to accomplish and within what time period. For example, an effective objective is to increase sales this year by 10% over last year. That is a clear goal to try to achieve. Once the objectives have been developed, businesses continue with the marketing planning process to design and implement strategies to achieve the goals. Elements of a marketing strategy might include pricing methods, promotional methods, and distribution systems.

SOURCE: MP:006 Explain the nature of marketing planning

SOURCE: Indeed. (2025, June 6). *10 marketing plan objectives to consider and the KPIs to measure them.* Retrieved October 7, 2025, from <https://www.indeed.com/career-advice/career-development/marketing-planning-objectives>

34. C

Value. A corporate brand is all of the impressions and images associated with a company in the minds of the consumers. To create these impressions and images, the company uses a series of activities; it positions the brand. This involves the company communicating its value to the target markets. The value is the amount of satisfaction that the good or service will provide the target markets. Slogans and logos are brand elements or touchpoints that marketers use to position the corporate brand. The brand's size is not usually a relevant factor.

SOURCE: PM:207 Describe factors used by businesses to position corporate brands

SOURCE: Forbes. (2022, January 14). *What brand positioning is and why it's important for your business.* Retrieved October 7, 2025, from <https://www.forbes.com/councils/theyec/2022/01/14/what-brand-positioning-is-and-why-its-important-for-your-business/>

35. B

Unified message. Each component of an effective advertisement should work together to communicate a unified message. For example, if the graphic element does not relate to the copy or headline of an advertisement, the meaning of the ad becomes unclear and confusing for the audience. The use of humor, level of formality, and inclusion of an opinion depend on the nature or goal of the advertisement.

SOURCE: PR:251 Explain the importance of coordinating elements in advertisements

SOURCE: Indeed. (2025, March 26). *21 different types of marketing messages to consider*. Retrieved October 7, 2025, from <https://www.indeed.com/career-advice/career-development/types-of-marketing-messages>

36. B

Planned obsolescence. Business ethics are the basic principles that govern a company's actions. Planned obsolescence occurs when a business releases a product and plans to discontinue it and replace it with an updated version of the item. This often occurs with technology-based products such as video games and computer software. When a business plans product updates on an annual basis, its customers are often required to purchase the new version in order to use the core product. This can be a financial burden on consumers and can present an ethical situation for the business. International markets, demographics, and taxation are not ethical issues that businesses often encounter when planning product updates and changes.

SOURCE: PM:040 Explain business ethics in product/service management

SOURCE: Kenton, W. (2022, December 27). *What is planned obsolescence? How strategy works and examples*. Retrieved October 7, 2025, from https://www.investopedia.com/terms/p/planned_obsolescence.asp

37. B

Selling skills. Selling skills involve the use of specific selling techniques that have been tried and proven over time to be effective. In this situation, Becky is using the proven techniques of display and suggestive selling to sell the remaining seasonal items from the winter stock. Personal appearance is the way individual sales associates dress and are groomed. Customer satisfaction is not a characteristic of a good salesperson, although good salespeople usually are able to provide customer satisfaction. Personalized communication is a form of personal selling.

SOURCE: SE:017 Explain the nature and scope of the selling function

SOURCE: LAP-SE-017—Sell Away (The Nature and Scope of Selling)

38. C

To provide customer service. Distribution and marketing activities are closely related because goods must be available when and where customers want them. If businesses do not have the goods in stock, customers cannot buy. Businesses are only able to serve customers when they have the advertised items on hand and at the right price. Arranging transportation, planning warehouse space, and managing inventory levels are types of channel management activities that should be coordinated with marketing activities to provide customer service.

SOURCE: CM:007 Coordinate channel management with other marketing activities

SOURCE: Indeed. (2025, July 24). *What is channel management? Definition and 10 strategies*. Retrieved October 7, 2025, from <https://www.indeed.com/career-advice/career-development/channel-management>

39. A

Ways to use. Customers often are a good source of information about different ways to use products. While talking with customers, salespeople can find out how they use certain products. Customers may use products in ways that salespeople are unaware of, which is information that may prove to be useful in selling the product to others. Information about ingredients is often found on product labels. Information about the cost to develop may be available from manufacturers. Information about specifications is often included in an operating booklet.

SOURCE: SE:062 Acquire product information for use in selling

SOURCE: Indeed. (2025, July 24). *Guide to client acquisition (with 20 effective strategies)*. Retrieved October 7, 2025, from <https://www.indeed.com/career-advice/career-development/client-acquisition>

40. A

Perceive. Product positioning is the customer's image or impression of a product as compared to that of competitive products. A product's image influences how a customer views or perceives the product. Outsource refers to the practice of acquiring assistance from outside organizations or consultants to obtain goods or services to accomplish business objectives. Positioning does not necessarily affect how a person uses a product. In many cases, there is only one purpose or way to use a product, regardless of the way that it is positioned in the marketplace. Trade is defined as the process of exchanging one good/service for another.

SOURCE: PM:042 Describe factors used by marketers to position products/services

SOURCE: Indeed. (2024, July 24). *Customer perception: Definition and how to improve it*. Retrieved October 7, 2024, from <https://www.indeed.com/career-advice/career-development/customer-perception>

41. B

What are our customers buying? A situation analysis is a determination of a business's current situation and the direction in which the business is headed. A situation analysis evaluates many internal and external factors. The business's customers (target market) are an external factor the business considers when conducting a situation analysis. The business needs to know which products the customers are buying so it can determine if it needs to make product line changes, delete items, add items, etc. Answering questions about financing, efficiency, and shipping companies do not help the business obtain information about its target market.

SOURCE: MP:008 Explain the role of situation analysis in the marketing planning process

SOURCE: Indeed. (2025, June 6). *Situation analysis of a marketing plan: Example and definition*. Retrieved October 7, 2025, from <https://www.indeed.com/career-advice/career-development/situation-analysis-marketing-plan-example>

42. C

Promotion can encourage consumers to buy unwanted goods. Therefore, some people consider promotion to be manipulative. In many cases, promotion is considered either to be in bad taste, vulgar, or insulting to human intelligence. The fact that promotional activities educate, encourage a higher standard of living, and enhance a company's image are advantages of promotion.

SOURCE: PR:002 Explain the types of promotion (i.e., institutional, product)

SOURCE: LAP-PR-902—Know Your Options (Types of Promotion)

43. A

Pass on positive information. One of the main functions of a business's public relations activities is to reach external audiences, those groups that are outside of the company. These groups include the local community, government officials, customers, suppliers, creditors, etc. The external audience has a significant impact on the business because customers buy products, government officials enact rules and regulations, and creditors loan money. If the business does not maintain good relations with the external audience by providing positive information, it may have difficulty operating or even fail. Public relations activities are not intended to sell useful products, measure the community response, or compile customer databases.

SOURCE: PR:253 Discuss internal and external audiences for public-relations activities

SOURCE: American Marketing Association. (2024, April 9). *How to find your target audience*. Retrieved October 8, 2025, from <https://www.ama.org/marketing-news/target-audience/>

44. D

Indicate where the product will be sold. Manufacturers often use product grades to determine where they will offer their products for sale. Apparel manufacturers might sell below-standard items through discount outlets rather than through department stores. Standards and grades can also be used to indicate how the product can be used, help salespeople, and indicate product safety, but these uses are not illustrated in this example.

SOURCE: PM:019 Describe the uses of grades and standards in marketing

SOURCE: LAP-PM-019—Raise the Bar (Grades and Standards)

45. C

Qualitative. When qualitative forecasting methods are used, a business prepares its sales forecasts by asking knowledgeable people to state their opinions or predictions about sales. Many of these individuals have what is called a feel for the marketplace. Their predictions are based on what they have seen happen in the past as well as on current observations of the economy or of the industry. Quantitative methods of forecasting sales are based on the results of gathering and analyzing all kinds of numerical market data. Intermediate and long-term forecasting are time frames for forecasting sales that exceed one year.

SOURCE: MP:013 Explain the nature of sales forecasts

SOURCE: Indeed. (2025, June 6). *What is qualitative forecasting? Definition and methods*. Retrieved October 8, 2025, from <https://www.indeed.com/career-advice/career-development/qualitative-forecasting>

46. B

Channel stuffing. Channel stuffing is a deceptive business practice that involves forcing more products through a distribution channel than can realistically be sold to final consumers. It is used to inflate a company's sales and financial earnings. Because the producer shipped an excessive amount of inventory and booked it as sales, it is using channel stuffing. A monopoly is a type of market structure in which a market is controlled by one supplier, and there are no substitute goods or services readily available. Price discrimination is an illegal activity in which a business charges different customers different prices for the same product. The gray market refers to the legal sale of goods through unauthorized sales channels.

SOURCE: CM:006 Describe ethical considerations in channel management

SOURCE: LAP-CM-006—The Right Path (Ethics in Channel Management)

47. A

Family. Family branding is using one brand name for a group of related products in a product line. A private brand is owned by the middleman. An individual brand is a brand in which different brand names are used for products owned by one company. Licensed branding occurs when a brand owner allows another company to use the brand for a fee.

SOURCE: PM:021 Explain the nature of product/service branding

SOURCE: LAP-PM-021—It's a Brand, Brand, Brand World! (Nature of Product Branding)

48. D

Can all exist at the same time. By understanding buyers' needs and the factors that motivate their purchases, salespeople can better help their customers. The ERG Theory indicates that needs fall into one of three categories—existence, relatedness, and growth. Similar to Maslow's Hierarchy of Needs Theory, the ERG Theory suggests that needs fall into various levels and that unsatisfied needs serve as motivators. However, the ERG Theory suggests that these unsatisfied needs can exist at the same time, whereas Maslow's theory suggests that only one level of needs can be active at a time. The ERG Theory does not imply that different types of needs have the same level of intensity or that all the needs require immediate fulfillment.

SOURCE: SE:359 Discuss motivational theories that impact buying behavior

SOURCE: Bhasin, H. (2023, June 9). *ERG theory of motivation with its implications*. Retrieved October 8, 2025, from <https://www.marketing91.com/erg-theory-of-motivation/>

49. A

Clear and neutral. Good survey questions should be clear, neutral, balanced, appropriately broad or narrow in scope, etc. Ambiguity is a state of vagueness, double, and uncertainty; effective survey questions are not ambiguous. Effective survey questions are also not universal or complex, as each quality is likely to confuse the respondent and provide unhelpful answers to the survey facilitator.

SOURCE: IM:418 Explain characteristics of effective data-collection instruments

SOURCE: Survey Monkey. (1999-2025). *Survey question types explained: Examples & expert tips*. Retrieved October 8, 2025, from <https://www.surveymonkey.com/mp/survey-question-types/>

50. C

It asks respondents to assess two different topics at the same time. The survey question "How would you rate our customer service and product quality?" is an example of a double-barreled question, which requests a single answer for two different topics (customer service and product quality). It is not an open-ended question, limiting the respondent's answer. The survey question does not insert an opinion or use unfamiliar terminology.

SOURCE: IM:293 Evaluate questionnaire design (e.g., types of questions, question wording, routing, sequencing, length, layout)

SOURCE: Survey Monkey. (1999-2025). *Survey question types explained: Examples & expert tips*. Retrieved October 8, 2025, from <https://www.surveymonkey.com/mp/survey-question-types/>

51. A

Online reservation systems. Online reservation systems enable consumers to purchase travel, tourism, and hospitality products directly from the service provider. By using a variety of computer devices such as phones, laptops, and tablets, consumers can access the hospitality and travel businesses' websites. This technology enables consumers to bypass traditional intermediaries such as travel agents. Router software enables computer devices to access the wireless internet within a certain area. Radio frequency identification (RFID) involves storing an order's product information on a computer chip and then attaching it to the shipment's box, container, or pallet. When a shipment arrives at a business, warehouse personnel use computer scanners to receive the items. An Intranet enables a company's employees to access and share information with others within an organization.

SOURCE: CM:004 Describe the use of technology in the channel management function

SOURCE: Maglione, A. (2024, July 17). *What exactly is an online booking system?* Retrieved October 8, 2025, from <https://www.checkfront.com/blog/what-is-an-online-booking-system/>

52. D

Final consumers. The goal of channels of distribution is to move products from producers to final consumers. Along the way, products may go through channel members known as intermediaries or middlemen. Industrial distributors are a type of intermediary.

SOURCE: CM:001 Explain the nature and scope of channel management

SOURCE: LAP-CM-001—Chart Your Channels (Channel Management)

53. B

Sample design. When collecting information, researchers usually select a sample of the target population to contact or include in the study. The design of this sample may lead to errors in the research. Researchers need to make sure the sample they select accurately represents the target population. For example, errors may occur if all those in the sample are 20-year-old males who live in one small city, but the research involves all men between the ages of 18 and 50. Interview location, key summary, and project purpose are not sources of error in the research process.

SOURCE: IM:292 Identify sources of error in a research project (e.g., response errors, interviewer errors, non-response errors, sample design)

SOURCE: Researcher Life. (2023, October 31). *Errors in research: 7 common mistakes to avoid in research projects*. Retrieved October 8, 2025, from <https://researcher.life/blog/article/errors-in-research-7-common-mistakes-to-avoid-in-research-projects/>

54. B

It is a relatively affordable form of marketing. Internet marketing is a popular direct marketing choice because it can be more affordable than other direct marketing methods. It is also more flexible, more targeted, and more responsive than other direct marketing choices. It does not necessarily eliminate the need for other types of marketing. Direct marketing via the internet does not involve face-to-face contact with customers, which is one of the reasons why it is so affordable.

SOURCE: PR:089 Explain the nature of direct marketing channels

SOURCE: Kenton, W. (2025, May 25). *Direct marketing: What it is and how it works*. Retrieved October 8, 2025, from <https://www.investopedia.com/terms/d/direct-marketing.asp>

55. D

Privacy. Businesses often sell lists of their customers to other companies that want to obtain information about consumers' buying preferences, habits, etc. If the businesses that sell the lists do not obtain permission from their customers before releasing their names in a list, they may be acting unethically and violating their customers' right to privacy. Primary ethical considerations associated with selling customer lists do not include publicity, exaggeration, or exclusivity.

SOURCE: IM:025 Explain the role of ethics in marketing-information management

SOURCE: LAP-IM-025—Info With Integrity (Ethics in Marketing-Information Management)

56. B

Producer to consumer. The shortest channel of distribution is when producers or manufacturers sell their products directly to consumers. This is known as a direct channel of distribution. An example of this would be a farmer selling their produce directly to customers at a roadside stand. The other alternatives are all longer indirect channels that involve one or more intermediaries.

SOURCE: CM:003 Explain the nature of channels of distribution

SOURCE: LAP-CM-003—Channel It (Channels of Distribution)

57. A

Self-regulation helps to build trust with customers. Market researchers or market research organizations impose their own regulations that are not legally binding to guide their actions and decision-making. One reason that they do so is to build trust with customers, who will see the self-regulation as a sign that the market researchers care about protecting their privacy. Self-regulation does not necessarily lead to a higher market share. Market researchers cannot overrule governmental regulations with their own self-regulations. Finally, market researchers do not impose self-regulations to limit and control customer influence.

SOURCE: IM:419 Describe the regulation of marketing-information management

SOURCE: International Council for Ad Self-Regulation. (2025). *Advertising self-regulation*. Retrieved October 8, 2025, from <https://icas.global/advertising-self-regulation/>

58. C

To make an occasional exception. Selling policies need to have a bit of flexibility so that an occasional exception can be made. For example, one policy might require customers to have sales receipts when exchanging items. However, a business might make an exception for a regular customer who buys all the time. Not making an exception in this case might offend the regular customer who lost a receipt only once. Selling policies must be interpreted and enforced in a reasonably firm manner. They should not be interpreted differently or randomly enforced. They should not be used to provide special treatment to certain customers.

SOURCE: SE:932 Explain company selling policies

SOURCE: LAP-SE-932—Sell Right (Selling Policies)

59. B

Quantitative. The results of descriptive research are often quantitative or measurable. They are not qualitative, as exploratory research results are (that is, based on thoughts, feelings, or opinions). Since they are measurable, these results are not vague. If the research is conducted correctly, the results should be reliable.

SOURCE: IM:284 Describe methods used to design marketing research studies (i.e., descriptive, exploratory, and causal)

SOURCE: LAP-IM-284—Better by Design (Marketing Research Designs)

60. A

Community relations. Community relations focuses on developing a business's relationship with the local community, often by organizing events, visiting schools or businesses, giving back to the community, etc. Public affairs, or lobbying, focuses on government and legislative changes. Crisis management is a business's response after a disaster. Employee relations, or internal public relations, involves employee communications and events.

SOURCE: PR:252 Identify types of public-relations activities

SOURCE: Macari, S. (2025, June 9). *8 types of public relations (plus functions and tips)*. Retrieved October 8, 2025, from <https://www.indeed.com/career-advice/finding-a-job/types-public-relations>

61. A

Research industry trends through trade publications. Trade publications provide information on the state of the industry, trends, and news in the field. Being informed about the industry in which a business operates is important when making marketing decisions. The number of site visits is data from digital marketing analytics that provides information about customers and the effectiveness of marketing campaigns, rather than about the external environment. Sales volume analysis is an internal analysis of sales performance and does not provide information about the outside environment. Service call records and product returns are internal sources of data.

SOURCE: IM:184 Identify data monitored for marketing decision making

SOURCE: LAP-IM-184—Data Diving (Identifying Marketing Data)

62. A

Represents a larger group. A sampling plan is the course of action for gathering marketing information from a section or portion of a target market. A business gathers data from a portion of the target market because the market is often too large to obtain data from each market member. Therefore, researchers use the sample group's responses to represent the larger group's opinions and ideas. Sampling plans use different methods to select and gather information. The marketing research issue or problem and the way the sample data are collected influence but do not eliminate the respondents' bias and error rates. Observation is a method of collecting primary data, which may or may not be more reliable than other research methods.

SOURCE: IM:285 Discuss the nature of sampling plans (i.e., who, how many, how chosen)

SOURCE: LAP-IM-285—Take Your Pick (Nature of Sampling Plans)

63. C

Being able to demonstrate success is essential to obtaining funding or moving forward. Marketing plans allow progress to be tracked in a measurable way, which is often necessary to demonstrate to upper management the need for funding or to continue with marketing efforts. Companies should not necessarily halt all marketing efforts if one strategy is not effective. Though marketing plans allow marketers to gather information about the target market better and to more easily remember goals, these benefits are not specifically linked to tracking the effectiveness of marketing efforts.

SOURCE: MP:007 Explain the nature of marketing plans

SOURCE: LAP-MP-007—A Winning Plan (Nature of Marketing Plans)

64. C

Government regulation. A business checking to make sure it is abiding by state and federal laws is an example of a business considering government regulation when setting prices. Government regulation is intended to promote competition and prevent monopolies, affecting marketers' selection of pricing strategies. This is not an example of a business considering competition, costs, or supply and demand when setting prices.

SOURCE: PI:015 Describe the role of business ethics in pricing

SOURCE: LAP-PI-015—Pricing With Purpose (Ethics in Pricing)

65. A

An identified want exists. A market opportunity exists when an economic want exists, and there is an idea for a good or service for which people are willing and able to pay to fulfill that want. Market opportunity does not necessarily exist because an entrepreneur brainstorms ideas, or when supply exceeds demand. In addition, the level of productivity does not necessarily affect the level of demand.

SOURCE: PM:134 Identify product opportunities

SOURCE: Perco, A. (2024, January 10). *Market opportunity: Definition, examples, and analysis strategies*. Retrieved October 8, 2025, from <https://www.semrush.com/blog/market-opportunity/>

66. B

Obtain referrals. A referral is a method of prospecting that involves asking for names of individuals who might be interested in the business's products. Customers who have had positive service experiences with the business are more likely to provide the business with referrals. Referrals often lead to more sales and profits for the business. The business's profit margin depends on many factors, including the type of product and the business's objectives. Excellent customer service does not always involve providing rebates or expanding the business's product line.

SOURCE: SE:076 Explain the role of customer service as a component of selling relationships

SOURCE: LAP-SE-076—Go Beyond the Sale (Customer Service in Selling)

67. D

Types of products being advertised. Regulations regarding promotion differ throughout the world. When businesses want to promote their products in other countries, they need to be aware of different regulations. One regulatory factor often involves the types of products being advertised. For example, charities may not advertise on TV in the United Kingdom. In France, diet products may not be advertised on TV. The cost of media placement and the price of comparable products are not regulatory factors that affect promotion. Culture is not a regulatory factor; however, culture has an impact on the regulations that affect promotion on an international level.

SOURCE: PR:101 Describe the regulation of promotion

SOURCE: Indeed. (2025, June 9). *7 factors in a marketing environment defined and explained*. Retrieved October 8, 2025, from <https://ca.indeed.com/career-advice/career-development/7-factors-in-marketing-environment>

68. C

The brand is often profitable sooner. The costs of promotion to generate and increase demand can increase a firm's expenses, but when a brand is promoted heavily at its introduction, it is often profitable sooner. This means that the introduction stage will be shorter because the brand will move into the acceptance stage more quickly. Promotion is used in positioning, the creation of an image or impression of the brand as compared to those of competitors' brands.

SOURCE: PM:024 Identify the impact of product life cycles on marketing decisions

SOURCE: Kenton, W. (2025, September 20). *How to build a successful brand identity: Types and strategies*. Retrieved October 8, 2025, from <https://www.investopedia.com/terms/b/brand.asp>

69. B

Arousing curiosity. Ambiguous, unexpected, or provocative headlines are intended to make the reader want to know more. This headline not only attracts attention, but makes the reader want to read the ad to determine what it means. When making a claim, the advertiser may claim that the product is the best. When the advertiser promises a benefit, it is an advantage that can be obtained by the consumer from using the product. Solving a problem helps the reader find a solution to the problem stated in the headline.

SOURCE: PR:014 Explain the components of advertisements

SOURCE: Indeed. (2025, June 6). *19 types of headlines*. Retrieved October 8, 2025, from <https://www.investopedia.com/terms/b/brand.asp>

70. A

Direct mail. The return of response cards and coupons or the volume of telephone calls are evidence of the effectiveness of direct mail promotions. The relationship of ads in newspapers, radio, and TV to sales volume is more difficult to establish. Sales increases through direct mail can be more easily tied to the ad itself.

SOURCE: PR:007 Explain types of advertising media

SOURCE: LAP-PR-007—Ad-quipping Your Business (Types of Advertising Media)

71. C

Services. Services (such as massages, cooking lessons, and internet connections) are intangible products and the customer benefits they offer; they cannot be tasted, felt, seen, heard, or smelled. Services are performed rather than produced. Product lines are groups of related product items. Private labels are labels or brands that belong to the seller and are sold under the chosen name of the seller rather than under the name of the producer. Brand-name products are items that bear the name or symbol of their manufacturers, distributors, or retailers.

SOURCE: PM:001 Explain the nature and scope of the product/service management function

SOURCE: LAP-PM-001—Serving Up Products (Nature of Product/Service Management)

72. B

Creative-thinking process. A company must continuously work to develop and improve products that consumers want and need, so it can remain competitive in the marketplace. The creative-thinking process is a way to encourage creativity to reveal itself, and it fosters the ability to generate unique ideas. Brainstorming is a technique that stimulates creative thinking, and companies often use brainstorming when they generate product ideas. Feasibility studies, screening, and marketing testing are product development activities that occur after the company generates product ideas.

SOURCE: PM:128 Generate product ideas

SOURCE: Fox, R. J. (2024, February 14). *The importance of the creative process in advertising: Stages and marketing strategies*. Retrieved October 8, 2025, from <https://bemowgli.com/strategy/creative-process-in-advertising-and-marketing-strategies-2023/>

73. D

To change promotions. Marketing information is all the marketing-related data available from inside and outside the business. These data include information about customers, the social and economic environment, and developing trends. Businesses use the marketing information to change and improve promotions that will appeal to customers and bring them into the business. For example, if marketing data indicated that customers were becoming more cost-conscious, a business might develop a promotional campaign based on low prices and value for the dollar. Businesses do not use marketing information to purchase brands, monitor customers, or handle objections.

SOURCE: IM:012 Describe the need for marketing data

SOURCE: LAP-IM-012—Data Do It (Need for Marketing Data)

74. B

Move the items from receiving directly to the sales floor. The Universal Product Code (UPC) label is encoded with product information such as price, brand, size, etc., to be read by an electronic scanner. Technology allows manufacturers to preprint this data on packages before shipping them to businesses. The preprinted data simplifies the price-marking function because the business does not need to mark a price on each product. As a result, the business is able to move the items from the receiving area directly to the sales floor without spending time marking prices on each item. Having products preprinted with UPC labels does not enable businesses to buy the products at a reduced rate, eliminate the need to examine each item upon delivery, or order only enough products for a short time.

SOURCE: PI:016 Explain the use of technology in the pricing function

SOURCE: The Global Language of Business. (2025). *What is a UPC code?* Retrieved October 8, 2025, from <https://www.gs1us.org/upcs-barcodes-prefixes/guide-to-upcs>

75. A

Consumer trends. A marketing information management system can help businesses discover new or expanded markets and use them. The system can gather and analyze information about consumer trends, target markets, changes in the environment, changing events, and the effects of these factors on consumers. A characteristic of useful marketing data is that it should be up-to-date. Historical data, therefore, would not usually be gathered. Employee absences are a management, rather than a marketing, consideration.

SOURCE: IM:001 Explain the nature and scope of the marketing-information management function

SOURCE: LAP-IM-001—Get the Facts Straight (Marketing-Information Management)

76. C

Buy item Y and receive service W free for six months. Product bundling involves combining goods and/or services and offering them to customers as one product for a lower price than if the customers were to buy all of the products individually. Often, businesses bundle new products with existing products in order to create interest in the new product. A business that provides a free service for a certain amount of time hopes that the customer gets used to having the service and will pay to continue receiving the service once the free offer expires. Businesses may use rebates, invoice discounts, and coupons in conjunction with product-bundle strategies.

SOURCE: PM:041 Describe the nature of product bundling

SOURCE: Dopson, E. (2024). *What is product branding? Steps and examples*. Retrieved October 8, 2025, from <https://www.shopify.com/retail/product-branding>

77. B

Supports the selling function. Many businesses develop websites that contain a variety of information that is useful to customers, such as information about products and pricing. Many sites also make it possible for customers to place orders online. The advantage of posting this type of information is that it supports the selling function and allows the business to be accessible to customers throughout the world at all times. By accessing the company's website, customers can review the products and/or buy even when the physical facility is closed. This often leads to increased sales because customers can buy at their convenience or obtain the information they need before meeting with a salesperson. Simply posting information on a website does not generate a customer list or identify a target market. However, a business can use tracking software to obtain information about individuals who visit the website. Posting information on a website does not necessarily create a positive image.

SOURCE: SE:107 Describe the use of technology in the selling function

SOURCE: McMullen, L. (2025, February 19). *13 places to sell stuff online*. Retrieved October 8, 2025, from <https://www.nerdwallet.com/article/finance/where-to-sell-stuff-online>

78. A

Prepare advertising for clients. An advertising agency is an independent service business that specializes in preparing advertising and other types of promotion and providing related services. Its clients may be individuals, organizations, or businesses. Agencies charge commissions, markups, or fees for all of their services. They may operate within a specific geographic area, or they may have clients in all parts of the world. Agencies do not train advertisers.

SOURCE: PR:001 Explain the role of promotion as a marketing function

SOURCE: LAP-PR-901—Razzle Dazzle (Nature of Promotion)

79. D

Vertical. Vertical conflict occurs among different levels of the same channel of distribution, such as between a manufacturer and its authorized retailers. If a manufacturer begins to allow retailers other than those currently authorized to sell the brand-name products, the retailers may become upset because others now have the same products. Expanding the number of outlets for the products may be good for the manufacturer, but detrimental to the retailers because they will have more competition. Horizontal conflict occurs among businesses at the same channel level, such as between the authorized businesses in the same city. Contractual and industrial are not types of channel conflict.

SOURCE: CM:008 Explain the nature of channel-member relationships

SOURCE: Mack, S. (2025). *Horizontal & vertical marketing conflicts*. Retrieved October 8, 2025, from <https://smallbusiness.chron.com/horizontal-vertical-marketing-conflicts-65325.html>

80. C

You cannot help your teammates. Relay brainstorming resembles a relay race. It involves multiple individuals from competing teams responding in a certain order with no assistance from teammates.

SOURCE: PM:127 Identify methods/techniques to generate a product idea

SOURCE: LAP-PM-127—Unleash Your Mind (Techniques for Generating Product Ideas)

81. D

Increased convenience. Increased convenience is an intangible benefit that might be included in a cost-benefit analysis. It's called an intangible because it is difficult to measure in financial terms. Decreased expenses, reduced employee turnover, and increased profits are all benefits that can be measured more easily in dollar amounts.

SOURCE: FI:357 Describe the nature of cost-benefit analysis

SOURCE: LAP-FI-357—Running the Numbers (Cost-Benefit Analysis)

82. C

Business plan. A feasibility study can form a solid foundation for a business plan, which is essential for obtaining funding through bank loans or investments. An income statement is a financial summary that shows how much money a business has made or lost over a period of time. A balance sheet is a financial statement that captures the financial condition of a business at a particular moment in time. An annual sales report is a statement of a business's sales over a fiscal year.

SOURCE: EN:038 Determine feasibility of venture ideas

SOURCE: LAP-EN-038—Explore the Possibilities (Conducting Feasibility Studies)

83. C

Allocating project resources. Project management includes many key tasks. One of those is allocating project resources and managing the project's budget. A project is usually given permission to proceed from top-level management rather than from project managers. The project team members, rather than the manager, usually do the tactical, day-to-day project work, while the manager oversees it. Finally, project managers do not necessarily analyze financial ratios.

SOURCE: OP:158 Explain the nature of project management

SOURCE: LAP-OP-158—Projected To Win (Nature of Project Management)

84. B

Raising taxes. Raising taxes requires more money to be taken from paychecks and disposable incomes, thus restricting the flow of money. Lowering interest rates, increasing purchases, and increasing employment will increase the flow of money.

SOURCE: EC:018 Determine the impact of business cycles on business activities

SOURCE: LAP-EC-018—Boom or Bust (Impact of Business Cycles)

85. A

Communication skills. Team leaders and managers should assess a team's performance at regular intervals to determine how well the team is working together. One factor that team leaders evaluate is the team's communication skills. To achieve the team's goals, team members must effectively communicate the necessary information to the appropriate people. If this does not occur, conflicts and misunderstandings are likely to result, which inhibit the team's ability to achieve its goals. Compensation, service standards, and customer orientation are not always factors that team leaders evaluate. These factors depend on the nature or purpose of the team.

SOURCE: HR:494 Assess team performance

SOURCE: Indeed. (2025, July 24). *Guide to assessing teams (With benefits, elements and tips)*. Retrieved October 15, 2025, from <https://www.indeed.com/career-advice/career-development/assessing-teams>

86. A

By responding to customers' interests and questions on social networks. To become engaged with its customers, a company needs to listen and respond to them. Viewing trends and messages helps a company stay informed, but it does not engage customers. Creating a blog or posting about company developments are good ways to regularly communicate with customers who follow a company, but they do little to engage them.

SOURCE: EI:107 Use social media to solicit new ideas and solutions

SOURCE: American Marketing Association. (2025). *How social listening is the key to cultural relevance to your brand*. Retrieved October 15, 2025, from <https://www.ama.org/2025/02/24/how-social-listening-is-the-key-to-cultural-relevance-to-your-brand/>

87. A

Track income and expenses. Keeping reliable financial records helps businesses track income and expenses. No record can prevent depreciation from occurring. Financial records do not facilitate retrieving records in a disaster, but they are some of the important records that will need to be preserved. Promotional records, not financial records, help businesses to time their promotions appropriately.

SOURCE: NF:001 Describe the nature of business records

SOURCE: LAP-NF-001—Record It (Business Records)

88. D

Harm their customers. An entrepreneur who acts ethically is less likely to cause harm to the environment or to their customers through negligence or oversight. Ethical entrepreneurs are more likely to preserve the environment and enjoy support from suppliers. They also have a good chance of making a profit long term since customers generally like to support businesses that act ethically.

SOURCE: EN:044 Describe the use of business ethics in entrepreneurship

SOURCE: LAP-EN-044—Ethical Excellence (Ethics in Entrepreneurship)

89. C

Duty, breach of duty, causation, injury. Tort law is the area of law focused on most civil suits. It determines whether a person should be held legally responsible for injury against another, as well as what type of compensation the injured party is entitled to. The four main elements of tort law are duty, breach of duty, causation, and injury. Damages cannot be claimed without a breach in the duty of the defendant toward the plaintiff, resulting in an injury. Negligence, strict liability (also known as product liability), and intentional torts are the three main types of torts, not elements.

SOURCE: BL:069 Identify the basic torts relating to business enterprises

SOURCE: Hayes, A. (2025, August 24). *Understanding tort law: Definitions, examples, and how it works*. Retrieved October 15, 2025, from <https://www.investopedia.com/terms/t/tort-law.asp>

90. A

Tentative agreement. Tentative agreement is the stage at which union and management have agreed on the terms of a contract, but still need union members to approve or reject the contract. Preparation and research occur before labor negotiations begin. A ratified contract is one that union members have approved. Contract settlement occurs when a ratified contract has been signed by the union and management.

SOURCE: EC:015 Explain the concept of organized labor and business

SOURCE: National Education Association. (2025). *The 5 stages of collective bargaining*. Retrieved October 15, 2025, from <https://www.nea.org/resource-library/5-stages-collective-bargaining>

91. D

To remove unprofitable goods and services. A business's product mix is the particular assortment of goods and services it offers to meet the needs of its market(s) and to achieve its goals. A business using a contraction strategy reduces the number of offerings in its product mix. When a business reduces product offerings, it is often deleting the goods and services that are not generating profits. When a business uses an expansion strategy, it is increasing the depth and/or width of its product offerings. Expanding a product mix often involves a merger with another company.

SOURCE: PM:006 Plan product mix

SOURCE: Indeed. (2025, June 6). *Product mix: Definition, importance and examples*. Retrieved October 15, 2025, from <https://www.indeed.com/career-advice/career-development/product-mix>

92. D

Exclusive. Exclusive distribution relationships can sometimes be classified as illegal, depending on the amount by which they restrict competition; therefore, firms should always be cautious about entering into these types of agreements. Intensive relationships result in product placement in a great many places, such as candy in grocery stores; therefore, there is less need to be cautious. Selective relationships deserve some caution, but not as much as exclusive relationships because they are less exclusive. "Multi-level distribution relationships" is not a defined term within the bounds of channel management.

SOURCE: CM:005 Explain legal considerations in channel management

SOURCE: Guerrero, O. (2024, January 12). *3 key strategies for exclusive distribution*. Retrieved October 15, 2025, from <https://ordersinseconds.com/mastering-exclusive-distribution/>

93. A

Brand name. Brand name is the name under which a company sells its products. Choosing the brand name for a product is a decision often made by product planners in order to position the product toward the particular segment of the market to which it would have the most appeal. Selecting the right brand name is very important because brand names create a certain image for the product and the company. List price is a producer's suggested price for a product. Research methods are the specific ways that businesses gather internal and external information. Promotional strategies are the specific actions that businesses take to achieve their promotional goals.

SOURCE: PM:001 Explain the nature and scope of the product/service management function

SOURCE: LAP-PM-001—Serving Up Products (Nature of Product/Service Management)

94. B

Place. Marketing research can tell the business the advantages and disadvantages of various locations so that the business can choose the location that would get its products in the right place at the right time. The price decision involves deciding the amount of money marketers will ask in exchange for their products; the product decision involves deciding what goods, services, or ideas to sell; and the promotion decision involves selecting the types of communications that will be used to inform, persuade, or remind customers of their products.

SOURCE: IM:010 Explain the nature of marketing research

SOURCE: LAP-IM-010—Seek and Find (Marketing Research)

95. B

Determines that it has a competitive edge. A business has a competitive edge when it offers something better than its competitors. If a business can offer goods and services to an international market in a more cost-effective way than other businesses, it has a competitive edge. To obtain a competitive edge, the business might need to take one or more actions, such as obtaining certain natural resources or developing or altering products that appeal to the international market segment. To achieve a competitive edge, the business will also need to determine the best ways to promote the products to the international market segment. These options include developing promotional activities that are unique for the new target market, combining new and existing promotional activities, or using existing promotional activities that it uses with other target markets.

SOURCE: MP:002 Identify considerations in implementing global marketing strategies

SOURCE: Haim, I. (2025, February 21). *What is global marketing? Definition, meaning, and examples.*

Retrieved October 15, 2025, from <https://elementor.com/blog/global-marketing/>

96. B

Market potential. The market potential is the total number of customers or the total amount of sales that exist in one market. This is important information for a business to determine when conducting a market analysis because a business needs to know if it is possible to make a profit in that particular market. For example, there may be a total of 100 potential customers and \$500,000 in potential sales in one market. Businesses know that they will only obtain a share of that market because there will be competitors. However, based on market potential, a business might decide that it could obtain a significant share of the market, which would make it worthwhile to enter that market. When conducting a market analysis, businesses do not determine the industry focus, the market segment, or the sales forecast.

SOURCE: MP:009 Conduct market analysis (market size, area, potential, etc.)

SOURCE: Chehtman, A. (2025, April 22). *8 ways to identify market opportunities for business growth.*

Retrieved October 15, 2025, from <https://www.euromonitor.com/article/8-ways-identify-market-opportunities-business-growth>

97. A

Primary. Primary data are facts that a business collects for a specific purpose or project. A focus group is a group that forms to discuss a specific topic. A business might form a focus group of customers to gather first-hand information (opinions) about its goods and services. The data are used to help the business resolve a problem or make decisions about product development, customer service, etc. Secondary data are facts that are collected for purposes other than the issue or project at hand. Statistical data are numerical facts. Oftentimes, businesses will assign numerical values to qualitative information to obtain statistics. Complementary is not a type of marketing-research data.

SOURCE: IM:281 Describe options businesses use to obtain marketing research data (i.e., primary and secondary research)

SOURCE: LAP-IM-281—What's the Source? (Obtaining Marketing-Research Data)

98. B

Image. Public relations is a function of business designed to establish and maintain positive relationships between the business and the public, which often includes crafting and improving a company's image, especially when dealing with controversial public issues. Public relations employees do not typically work with a company's products, financial documents, or hiring practices.

SOURCE: PR:252 Identify types of public-relations activities

SOURCE: Hayes, A. (2025, August 4). *Public relations (PR): Definition, types, and real-world examples*. Retrieved October 15, 2025, from <https://www.investopedia.com/terms/p/public-relations-pr.asp>

99. D

Interview. The interview is a common method of collecting data from individuals. There are many types of interview procedures, and one is the focus group, which is a group formed for the purpose of discussing a specific topic. In a focus group, a moderator asks questions and guides the group discussion to obtain information about a specific topic, such as a product. Telemarketing involves contacting people by phone. Probability is a type of sampling method in research. Statistics are often information presented in numerical form.

SOURCE: IM:289 Describe data-collection methods (e.g., observations, mail, diaries, phone, internet, discussion groups, interviews, scanners, tracking tools)

SOURCE: Dodge, J. (2023, June 15). *Data collection for market research: Techniques for gathering customer insights*. Retrieved October 15, 2025, from <https://www.kantar.com/north-america/inspiration/research-services/data-collection-for-market-research-techniques-for-gathering-customer-insights-pf>

100. B

Negligence. Negligence is not doing something necessary or required—in Nilesh's case, this involves not checking to see if his product passed its safety test. Nilesh is responsible for providing his customers with the important information they need to make educated buying decisions. Misrepresentation, libel, and bribery are also illegal sales activities, but Nilesh is not participating in them in this example.

SOURCE: SE:106 Explain legal and ethical considerations in selling

SOURCE: LAP-SE-106—Keep It Real—In Sales (Legal and Ethical Considerations in Selling)