

Marketing: An Introduction, 13e (Armstrong)

Chapter 8 New Product Development and Product Life-Cycle Strategies

1) Acquisitions are not considered a source of new products for organizations.

Answer: FALSE

Diff: 2

LO: 8-1: Explain how companies find and develop new product ideas.

2) Product modifications are an important source of new products for organizations.

Answer: TRUE

Diff: 1

LO: 8-1: Explain how companies find and develop new product ideas.

3) List and explain some of the reasons why new products fail.

Answer: There are several reasons why a new product may fail. Although an idea may be good, a company might have overestimated the market size. The actual product itself may have been poorly designed. Another possible reason is that the product may have been incorrectly positioned in the market. It may have been priced too high, or advertised poorly. It is also possible that a high-level executive pushed a favorite idea despite poor market research findings. Sometimes, the costs of product development are higher than expected. The product may have been launched at the wrong time, or competitors may have fought back harder than expected.

Diff: 2

LO: 8-1: Explain how companies find and develop new product ideas.

AACSB: Analytical thinking

4) The new product development process usually starts with idea generation.

A) idea screening

B) idea generation

C) concept development

D) concept testing

E) market strategy development

Answer: B

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

- 5) Which of the following statements is most likely true about the new product development process?
- A) The first step in developing a new product involves determining any budgetary or distribution limitations.
 - B) Most firms discourage employees from contributing new product ideas because of legal concerns.
 - C) In most cases, concept testing is followed by concept development.
 - D) A product concept should be developed for each idea before it goes through idea screening.
 - E) Customers, competitors, distributors, and suppliers are major sources of new product ideas.

Answer: E

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

AACSB: Analytical thinking

- 6) Companies like 3M, Google, and Sony have _____ that encourage employees to develop new ideas.

- A) trade magazines
- B) marketing research firms
- C) government agencies
- D) competitor's ads
- E) intrapreneurial programs

Answer: E

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

AACSB: Analytical thinking

- 7) The Dairy Bar, a national soft-service ice cream retailer, buys cones from Cones & More. Cones & More is an important resource for marketplace information. They're considered a(n) _____ source of new product ideas for the Dairy Bar.

- A) entrepreneurial
- B) competitive
- C) external
- D) internal
- E) intrapreneurial

Answer: D

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

AACSB: Analytical thinking

8) In which of the following cases is crowdsourcing used for new product development?

- A) A company creates a forum where anyone can contribute new product ideas.
- B) A company hires a marketing agency to generate new product ideas.
- C) A company reviews the sales, costs, and profit projections of an existing product.
- D) A company depends on its R&D department to come up with new ideas.
- E) A company partners with a design agency to create a few prototypes.

Answer: A

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

AACSB: Analytical thinking

9) A company's external sources of new product ideas include its _____.

- A) managers
- B) salespeople
- C) engineers
- D) manufacturing staff
- E) suppliers

Answer: E

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

10) Kallton is a multinational communications and information technology corporation. Its principal products are mobile telephones and tablets. It recently announced on its Web site that customers can suggest ideas for its upcoming product model. Contributors of short-listed ideas will be adequately rewarded. In this case, Kallton is using _____ to generate new product ideas.

- A) marketing strategy development
- B) crowdsourcing
- C) concept development
- D) business analysis
- E) test marketing

Answer: B

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

AACSB: Analytical thinking

11) Which statement is most likely true about idea generation in the new product development process?

- A) Idea generation is most effective when it occurs after idea screening.
- B) Most companies set a limit for the number of ideas generated to simplify the process.
- C) Intrapreneurial programs enable customers to contribute to the idea generation process.
- D) Idea generation is usually followed by procedures that reduce the total number of ideas.
- E) A company can either develop ideas through internal or external sources but not through both.

Answer: D

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

12) Safari Unlimited recently conducted national research to generate ideas for a new line of fatigues geared to women. The company uncovered a number of ideas about clothing and accessory preferences as well as important benefits such as built-in sunblock and durability. The Safari Unlimited product development team will most likely use _____ next to arrive at a realistic number of products for the new fatigues line.

- A) crowdsourcing
- B) idea screening
- C) concept testing
- D) concept development
- E) business analysis

Answer: B

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

AACSB: Analytical thinking; Interpersonal relations and teamwork

13) Which of the following steps of the new product development process would most likely use an R-W-W framework?

- A) idea generation
- B) idea screening
- C) concept testing
- D) test marketing
- E) commercialization

Answer: B

Diff: 1

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

14) A detailed version of a product idea stated in meaningful consumer terms is a _____.

- A) product feature
- B) product concept
- C) product idea
- D) product image
- E) product framework

Answer: B

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

15) The style, ease of use, and multi-blade technology of Gillette's Fusion razor system is a _____ that has favorably impacted consumer perceptions about other new products sold by the company.

- A) product audit
- B) product feature
- C) product image
- D) product framework
- E) product concept

Answer: C

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

AACSB: Analytical thinking

16) The stage in which product ideas are presented to groups of target consumers physically or symbolically is referred to as _____.

- A) concept testing
- B) concept development
- C) test marketing
- D) marketing strategy development
- E) crowdsourcing

Answer: A

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

17) Doggie World concept tested an idea for a new chew toy that would entertain dogs while simultaneously cleaning their teeth. Dog owners were pleased with the results. The next stage in developing the new product concept is _____.

- A) idea screening
- B) marketing strategy development
- C) business analysis
- D) product development
- E) test marketing

Answer: B

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

AACSB: Analytical thinking

18) The first part of a marketing strategy statement describes the _____ of a new product.

- A) planned price and distribution
- B) marketing budget
- C) marketing mix strategy
- D) target market, planned value proposition, and sales goals
- E) planned long-run sales and market share

Answer: D

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

19) The second part of a marketing strategy statement describes the _____ of a new product.

- A) marketing mix strategy
- B) profit and sales goals
- C) planned price, distribution, and marketing budget
- D) target market and sales goals
- E) planned value proposition

Answer: C

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

20) The third part of a marketing strategy statement describes the _____ of a new product.

- A) sales, market share, and profit goals
- B) distribution and pricing
- C) marketing budget
- D) planned value proposition
- E) target market and sales goals

Answer: A

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

21) _____ involves a review of the sales, costs, and profit projections for a new product to determine whether they satisfy a company's objectives.

- A) Vendor analysis
- B) Portfolio analysis
- C) Business analysis
- D) SWOT analysis
- E) Concept analysis

Answer: C

Diff: 1

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

22) Hollingsworth is a retail company that is planning to release a new line of luxury personal care products. Its managers are now reviewing the sales history of similar products and conducting marketing surveys to estimate minimum and maximum sales for the product. In which of the following stages of the new product development process is the product?

- A) test marketing
- B) idea screening
- C) business analysis
- D) marketing strategy development
- E) concept testing

Answer: C

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

AACSB: Analytical thinking

23) In a sequential new product development process, which of the following is true of the product development step?

- A) Product development is usually followed by a business analysis of the product.
- B) Product development involves introducing a product into realistic market settings.
- C) Product development avoids testing products on actual customers due to liability concerns.
- D) Product development is usually followed by test marketing.
- E) Product development helps top management review profit projections.

Answer: D

Diff: 1

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

24) Taco Bell test marketed Doritos Locos Tacos for three years and developed 45 prototypes. Once the decision was made to launch the new taco shell, it moved into the _____ stage of the new product development process.

- A) concept development
- B) product development
- C) test marketing
- D) strategy development
- E) commercialization

Answer: B

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

AACSB: Analytical thinking

25) In the _____ stage of new product development, products undergo rigorous tests to make sure that they perform safely and effectively, or that consumers will find value in them.

- A) business analysis
- B) idea generation
- C) concept screening
- D) product development
- E) test marketing

Answer: D

Diff: 1

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

Mohammed taha
www.yufoe.weebly.com

26) If a product passes both the concept test and the product test, the next step is most likely to be _____.

- A) marketing strategy development
- B) product development
- C) test marketing
- D) business analysis
- E) concept development

Answer: C

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

27) Foods International is developing a new gluten-free, chili-flavored pretzel. The marketing strategy for the product has already been developed and presented to top management. Several prototypes were also formulated by the company's R&D team. The final prototype is now being tested rigorously to ensure that it passes FDA standards. Once approved, the next step will most likely be _____.

- A) test marketing
- B) portfolio analysis
- C) commercialization
- D) internal marketing
- E) business analysis

Answer: A

Diff: 3

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

AACSB: Analytical thinking

28) In which of the following cases is little or no test marketing most likely recommended for a new product?

- A) when the product requires a major investment
- B) when management is unsure of the projected demand for the product
- C) when the risks associated with introducing the product are high
- D) when management is unsure of the marketing program for the product
- E) when the costs of developing and introducing the product are low

Answer: E

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

AACSB: Analytical thinking

29) Evans and Hills, a beverages manufacturing company, has developed a new line of specialty teas and is seeking regular input from the test marketing process. To facilitate this process, the firm uses BuyerScan, a software that generates store-by-store, week-by-week reports on the actual sales of tested products and the impact of in-store and in-home marketing efforts. Which of the following approaches does this scenario illustrate?

- A) standard test markets
- B) inventory tracking
- C) controlled test markets
- D) simulated test markets
- E) direct commercialization

Answer: C

Diff: 3

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

AACSB: Analytical thinking; Information technology

30) _____ is the stage where a product and its proposed marketing program are introduced into realistic market settings.

- A) Market strategy development
- B) Concept testing
- C) Test marketing
- D) Concept development
- E) Business analysis

Answer: C

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

31) Using _____, researchers measure consumer responses to new products and marketing tactics in laboratory stores or virtual online shopping environments.

- A) simulated test markets
- B) controlled test markets
- C) business analysis
- D) standard test markets
- E) concept development

Answer: A

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

32) Introducing a new product into the market is called _____.

- A) test marketing
- B) segmentation
- C) product development
- D) commercialization
- E) market penetration

Answer: D

Diff: 1

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

33) Which of the following costs is most likely associated with commercialization?

- A) building or renting a manufacturing facility
- B) paying groups of consumers for participating in crowdsourcing activities
- C) determining a product's planned price, distribution, and marketing budget
- D) developing a prototype of a product
- E) using simulated tests to measure market capacity

Answer: A

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

34) A company launching a new product must first decide _____.

- A) where to launch the product
- B) the sample size of the market
- C) when to launch the product
- D) the viability of a global launch
- E) the budget for print advertising

Answer: C

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

35) Under a _____ new product development approach, company departments work closely together in cross-functional groups, overlapping the steps in the product development process to save time and increase effectiveness.

- A) cross-sectional
- B) simultaneous
- C) sequential
- D) team-based
- E) systematic

Answer: D

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

AACSB: Interpersonal relations and teamwork

36) Under a _____ product development approach, one company department works to complete its stage of the product development process before passing the new product along to the next department and stage.

- A) cross-sectional
- B) simultaneous
- C) sequential
- D) team-based
- E) systematic

Answer: C

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

AACSB: Interpersonal relations and teamwork

37) The team-based new product development approach saves times and increases effectiveness because departments work closely together in _____.

- A) divisional teams
- B) problem-solving teams
- C) self-managed groups
- D) cross-functional teams
- E) independent groups

Answer: D

Diff: 1

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

AACSB: Interpersonal relations and teamwork

38) Which of the following is a disadvantage of a team-based approach to new product development?

- A) It lengthens the time required to get the right products to market.
- B) It involves the use of a rigid, sequential product development approach.
- C) A bottleneck at one place can seriously hinder the entire project.
- D) Organizational confusion and tension are likely to affect the process.
- E) The process is highly ineffective for products with short life cycles.

Answer: D

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

AACSB: Interpersonal relations and teamwork

39) Sleek Designs Inc. is producing its first eReader. The company is striving to overcome some of the issues communicated by customers about competitive products including screen glare and product bulkiness. Sleek Designs Inc. is using a _____ approach in their new product development process.

- A) customer-centered
- B) team-based
- C) sequential
- D) supply/demand
- E) systematic

Answer: A

Diff: 3

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

AACSB: Analytical thinking

40) At Fantastic Flavors, a large regional chain of candy stores, employees from marketing, design, production, and finance departments work in cross-functional groups to save time and money in the new product development process. From this description, it can be inferred that Fantastic Flavors uses a(n) _____ approach.

- A) intradepartmental new product development
- B) sequential new product development
- C) team-based new product development
- D) simulated test market
- E) controlled test market

Answer: C

Diff: 3

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

AACSB: Analytical thinking; Interpersonal relations and teamwork

41) An innovation management system would most likely be used by _____.

- A) managers to update details about customer information
- B) brand managers to collect, review, and evaluate new product ideas
- C) suppliers to access inventory information
- D) product managers to track logistics of a new product
- E) human resource managers to update information on employee incentives

Answer: B

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

Mohammed taha
www.yufoe.weebly.com

42) Manufacturers rely on distributors and suppliers as internal sources of new product ideas.

Answer: FALSE

Diff: 1

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

43) Since suppliers are so close to the market, they are valuable sources of information about consumer problems, marketing opportunities, and new product possibilities.

Answer: FALSE

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

44) In the new product development process, the purpose of idea generation is to create a large number of ideas and the purpose of the next set of stages in the process is to reduce that number.

Answer: TRUE

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

45) An abstract presentation of a product concept is likely to increase the reliability of the concept test.

Answer: FALSE

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

46) During concept testing, a product is evaluated by management without any input from external sources.

Answer: FALSE

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

47) Concept testing typically follows the marketing strategy development phase of the new product development process.

Answer: FALSE

Diff: 1

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

48) The amount of test marketing needed is the same for each new product.

Answer: FALSE

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

49) When developing a new product, concept testing should ideally be followed by the business analysis stage.

Answer: FALSE

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

50) The business analysis stage is the final step in the new product development process.

Answer: FALSE

Diff: 1

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

51) Product development usually costs the least among all the steps of the new product development process.

Answer: FALSE

Diff: 1

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

52) Salon Finish is test marketing its new smoothing shampoo by assessing consumer satisfaction in laboratory stores where hair is washed and blown dry. Salon Pro is using controlled test marketing in this scenario.

Answer: FALSE

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

AACSB: Analytical thinking

53) A sequential product development approach is team-oriented, enabling firms to bring products to market very quickly.

Answer: FALSE

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

AACSB: Interpersonal relations and teamwork

54) Under a team-based new product development approach, company departments work closely together in cross-functional teams. Overlapping the steps in the product development process saves time and increases effectiveness.

Answer: TRUE

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

AACSB: Interpersonal relations and teamwork

55) The installation of an innovation management system allows a company to collect, review, evaluate, and manage new product ideas.

Answer: TRUE

Diff: 1

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

56) Companies that combine a customer-centered approach with team-based new product development gain a big competitive edge by getting the right new products to market faster.

Answer: TRUE

Diff: 1

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

AACSB: Interpersonal relations and teamwork

57) It's important for a market pioneer to choose a launch strategy that is consistent with competitive positioning strategies.

Answer: FALSE

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

58) Briefly describe the steps in the new product development process.

Answer: The new product development process generally consists of eight sequential stages. The process starts with idea generation. Idea generation can be done through internal or external sources. Next comes idea screening, which reduces the number of ideas based on the company's own criteria. Ideas that pass the screening stage continue through product concept development, in which a detailed version of the new product idea is stated in meaningful consumer terms. This stage includes concept testing, in which new product concepts are tested with a group of target consumers to determine whether the concepts have strong consumer appeal. Strong concepts proceed to marketing strategy development, in which an initial marketing strategy for the new product is developed from the product concept. In the business-analysis stage, a review of the sales, costs, and profit projections for a new product is conducted to determine whether the new product is likely to satisfy the company's objectives. With positive results here, the ideas become more concrete through product development, where the product concept is developed into a physical product and test marketing, where the product and its proposed marketing program are introduced into realistic market settings. If all goes well, the product gets launched during commercialization. New product development involves more than just going through a set of steps. Companies must take a systematic, holistic approach to managing this process. Successful new product development requires a customer-centered, team-based, systematic effort.

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

AACSB: Analytical thinking

Mohammed taha

www.yufoe.weebly.com

59) What are the major external sources of new product ideas? What type of information can be gathered from each of these sources? How do firms benefit from such information?

Answer: The major external sources of new product ideas include customers, suppliers, distributors, competitors, and research firms. These sources are close to the market and tend to reflect current tastes and preferences. Perhaps the most important sources of new product ideas are customers themselves. Companies observe customers, invite them to submit their ideas and suggestions, or even involve customers in the new product development process. Many companies are now developing crowdsourcing *or* open-innovation new product idea programs, which invite broad communities of people — customers, employees, independent scientists and researchers, and even the general public — into the new product innovation process. Distributors are also linked to the market and can pass along information about consumer problems and new product possibilities. Suppliers can tell a company about new concepts, techniques, and materials that can be used to develop new products. Consumers often create new products and services on their own. The company can analyze customer questions and complaints to find new products that better solve consumer problems. Or it can invite customers to share suggestions and ideas. Companies can also directly involve customers in the innovation process through customer co-creation. Other idea sources include trade magazines, shows, Web sites, and seminars; government agencies; advertising agencies; marketing research firms; university and commercial laboratories; and inventors. Companies can also watch competitors' ads to get clues about their new products. They buy competing new products, take them apart to see how they work, analyze their sales, and decide whether they should bring out a new product of their own. Companies can better match their product offerings to customer needs and wants when these sources are involved in the new product development process.

Diff: 3

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

AACSB: Analytical thinking

60) What is crowdsourcing? How is crowdsourcing useful in new product development?

Answer: Crowdsourcing refers to throwing the innovation doors wide open and inviting broad communities of people — customers, employees, independent scientists and researchers, and even the public at large — into the new product innovation process. Many companies are now developing crowdsourcing or open-innovation new product idea programs. Rather than creating and managing their own crowdsourcing platforms, companies can use third-party crowdsourcing networks, such as InnoCentive, TopCoder, and jovoto. For example, organizations ranging from Audi, Microsoft, and Nestlé to Swiss Army Knife maker Victorinox have tapped into jovoto's network of 50,000 creative professionals for ideas and solutions, offering prizes of \$100 to \$100,000. Crowdsourcing can produce a flood of innovative ideas. It enables companies to rely not only on one source or another but on extensive innovation networks that capture ideas and inspirations from multiple sources.

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

AACSB: Analytical thinking

61) Distinguish between a product idea, a product concept, and a product image.

Answer: A product idea is an idea for a possible product that a company can see itself offering to the market. A product concept is a detailed version of the product idea stated in meaningful consumer terms. A product image is the way consumers perceive an actual or potential product.

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

62) Explain what happens during the concept testing stage of new product development.

Answer: Concept testing refers to testing new product concepts with groups of target consumers. The concepts may be presented to consumers symbolically or physically. For some concept tests, a word or picture description might be sufficient. However, concrete and physical presentations usually increase the reliability of the concept test. After being exposed to the concept, consumers are asked questions about it. Their answers will help the company decide which concept has the strongest appeal.

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

63) Explain what happens during the business analysis stage of new product development.

Answer: Business analysis involves a review of the sales, costs, and profit projections for a new product to find out whether they satisfy a company's objectives. If they do, the product can move to the product development stage. To estimate sales, the company might look at the sales history of similar products and conduct market surveys. It can then estimate minimum and maximum sales to assess the range of risk. After preparing the sales forecast, management can estimate the expected costs and profits for the product, including marketing, R&D, operations, accounting, and finance costs. The company then uses the sales and costs figures to analyze the new product's financial attractiveness.

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

64) What is test marketing? What role does it play in new product development? What factors do firms consider when determining whether or not to conduct test marketing?

Answer: Test marketing is the stage at which a product and its proposed marketing program are introduced into realistic market settings. A product reaches this stage only after it passes the concept test and product test stage. Test marketing gives the marketer experience with marketing a product before going to the great expense of full introduction. It lets a company test the product and its entire marketing program — targeting and positioning strategy, advertising, distribution, pricing, branding and packaging, and budget levels. The amount of test marketing needed varies with each new product. Test marketing costs can be high, and testing takes time that may allow market opportunities to slip by or competitors to gain advantages. A company may do little or no test marketing when the costs of developing and introducing a new product are low, or when management is already confident about the new product.

Diff: 3

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

AACSB: Analytical thinking

65) Define commercialization. Explain the two important issues that a company must decide during this stage.

Answer: Introducing a new product into a market is called commercialization. A company launching a new product must first decide on introduction timing. If the new product will eat into the sales of other company products, the introduction may be delayed. If the product can be improved further, or if the economy is down, the company may wait until the following year to launch it. However, if competitors are ready to introduce their own competing products, the company may push to introduce its new product sooner. Next, the company must decide where to launch the new product — in a single location, a region, the national market, or the international market. Some companies may quickly introduce new models into the full national market. Companies with international distribution systems may introduce new products through swift global rollouts.

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

AACSB: Analytical thinking

66) What are the advantages of an innovation management system for developing new products?

Answer: The new product development process should be holistic and systematic rather than compartmentalized and haphazard. Otherwise, few new ideas will surface, and many good ideas will sputter and die. To avoid these problems, a company can install an innovation management system to collect, review, evaluate, and manage new product ideas. The innovation management system approach yields two favorable outcomes. First, it helps create an innovation-oriented company culture. It shows that top management supports, encourages, and rewards innovation. Second, it will yield a larger number of new product ideas, among which will be found some especially good ones. The good new ideas will be more systematically developed, producing more new product successes. Good ideas will not suffer from the lack of a sounding board or a senior product advocate.

Diff: 2

LO: 8-2: List and define the steps in the new product development process and the major considerations in managing this process.

67) _____ can describe a product class, a product form, or a brand.

- A) The product development process
- B) The product life cycle concept
- C) Business analysis theory
- D) Vendor analysis theory
- E) Portfolio analysis

Answer: B

Diff: 2

LO: 8-3: Describe the stages of the product life cycle and how marketing strategies change during a product's life cycle.

68) Which of the following statements is most likely true about the product life cycle?

- A) Throughout the product introduction stage, sales are zero.
- B) The growth stage is the longest stage of the product life cycle.
- C) Profits are nonexistent in the growth stage.
- D) Growth is a period of rapid market acceptance and increasing profits.
- E) Maturity is the period when sales fall off but profits continue to rise.

Answer: D

Diff: 2

LO: 8-3: Describe the stages of the product life cycle and how marketing strategies change during a product's life cycle.

69) A product life cycle has five distinct stages: product development, introduction, growth, maturity, and _____.

- A) stabilization
- B) rebranding
- C) decline
- D) progression
- E) segmentation

Answer: C

Diff: 1

LO: 8-3: Describe the stages of the product life cycle and how marketing strategies change during a product's life cycle.

70) Which of the following is true of the product life cycle (PLC)?

- A) All products generally go through all five stages of the PLC.
- B) All products pass through the stages of PLC in the same order.
- C) It is generally difficult to forecast the sales level at each PLC stage.
- D) The PLC concept can be applied to styles but not to fashions and fads.
- E) Product forms have longer life cycles than product classes.

Answer: C

Diff: 2

LO: 8-3: Describe the stages of the product life cycle and how marketing strategies change during a product's life cycle.

71) Appliances Galore is continually updating its line of refrigerators to reflect market trends and customer needs. Although the product class is in the maturity stage of the product life cycle, they maintain healthy sales of their line of refrigerators by continually _____.

- A) concept testing
- B) modifying the marketing mix
- C) rebranding
- D) modifying the product
- E) modifying the market

Answer: D

Diff: 2

LO: 8-3: Describe the stages of the product life cycle and how marketing strategies change during a product's life cycle.

AACSB: Analytical thinking

72) Fads are characterized by their _____.

- A) enduring nature that spans several generations
- B) low rates of adoption by consumers
- C) unusually high sales and rapid decline
- D) basic and distinctive modes of expression that seldom become unpopular
- E) non-attainment of the last two stages of the product life cycle

Answer: C

Diff: 2

LO: 8-3: Describe the stages of the product life cycle and how marketing strategies change during a product's life cycle.

73) Colonial furniture has been in existence since the 1600s and continues to adorn homes today. According to the product life cycle concept, it would be described as a _____.

- A) style
- B) fashion
- C) fad
- D) trend
- E) drift

Answer: A

Diff: 2

LO: 8-3: Describe the stages of the product life cycle and how marketing strategies change during a product's life cycle.

AACSB: Analytical thinking

74) Flurrbies, a line of winter accessories by a leading fashion label, quickly fell in and out of favor with customers. Flurrbies represents an example of a _____.

- A) form
- B) fashion
- C) fad
- D) style
- E) drift

Answer: C

Diff: 2

LO: 8-3: Describe the stages of the product life cycle and how marketing strategies change during a product's life cycle.

75) When a product is in the _____ stage, profits level off or decline because of increased marketing outlays to defend the product against competition.

- A) production
- B) decline
- C) maturity
- D) test marketing
- E) conception

Answer: C

Diff: 2

LO: 8-3: Describe the stages of the product life cycle and how marketing strategies change during a product's life cycle.

76) In which stage of the product life cycle will promotional expenditures be significantly high in an attempt to create consumer awareness of a product and its features?

- A) product development
- B) introduction
- C) growth
- D) maturity
- E) adoption

Answer: B

Diff: 1

LO: 8-3: Describe the stages of the product life cycle and how marketing strategies change during a product's life cycle.

77) Which of the following is true about the introduction stage of a new product?

- A) Profits are typically high.
- B) Promotion spending is relatively low.
- C) Less money is needed to attract distributors.
- D) Companies tend to avoid basic versions of the product.
- E) Sales growth tends to be slow.

Answer: E

Diff: 2

LO: 8-3: Describe the stages of the product life cycle and how marketing strategies change during a product's life cycle.

AACSB: Analytical thinking

78) In the _____ stage, a firm most likely faces a trade-off between high market share and high current profit.

- A) growth
- B) decline
- C) maturity
- D) introduction
- E) commercialization

Answer: A

Diff: 1

LO: 8-3: Describe the stages of the product life cycle and how marketing strategies change during a product's life cycle.

79) Which of the following is true of the growth stage of the product life cycle?

- A) New competitors avoid the market.
- B) Prices tend to increase significantly.
- C) Early adopters stop buying the product.
- D) Profits are nonexistent at this stage.
- E) Sales start climbing quickly.

Answer: E

Diff: 2

LO: 8-3: Describe the stages of the product life cycle and how marketing strategies change during a product's life cycle.

80) Craft Inc.'s Krayons is a multi-color chalk material that was released in the market over a century ago. Since the release, the company has had remarkable sales and Krayons has remained unchanged. However, over the last few years, sales of Krayons have been stagnant. Competitors have begun marking prices down, and increasing their advertising and sales promotions. Craft's Krayons is most likely in the _____ stage of the product life cycle.

- A) introduction
- B) maturity
- C) growth
- D) decline
- E) incubation

Answer: B

Diff: 3

LO: 8-3: Describe the stages of the product life cycle and how marketing strategies change during a product's life cycle.

AACSB: Analytical thinking

81) Electronics International has experienced a significant decline in sales for SweetTunes, its MP3 player, during the past two years. In response, the company has reduced its advertising and sales expenditures for SweetTunes in an attempt to improve short-run profits. Which term best describes Electronics International's strategy for SweetTunes?

- A) sales outsourcing
- B) product modification
- C) industry repositioning
- D) product harvesting
- E) marketing mix modification

Answer: D

Diff: 3

LO: 8-3: Describe the stages of the product life cycle and how marketing strategies change during a product's life cycle.

AACSB: Analytical thinking

82) Parvon, a cleaning product, is in the maturity stage of the product life cycle, and Parvon managers have decided to modify the market. Which of the following steps should Parvon managers most likely take to achieve this goal?

- A) find new market segments for the brand
- B) improve the overall quality of the product
- C) reduce mass media advertising expenses
- D) offer improved services to new buyers
- E) conduct controlled test marketing activities

Answer: A

Diff: 2

LO: 8-3: Describe the stages of the product life cycle and how marketing strategies change during a product's life cycle.

AACSB: Analytical thinking

83) Gershwin, a musical toy for toddlers, is in the maturity stage of the product life cycle, and Gershwin managers have decided to modify the product. What will Gershwin managers most likely do to achieve this goal?

- A) change distributors
- B) offer coupons for the toy
- C) change the packaging of the toy
- D) launch an online advertising campaign
- E) cut prices of the toy to attract new customers

Answer: C

Diff: 2

LO: 8-3: Describe the stages of the product life cycle and how marketing strategies change during a product's life cycle.

AACSB: Analytical thinking

84) A product is in the maturity stage of the product life cycle, and the company decides to modify the marketing mix. Which of the following steps is the company most likely to take?

- A) use aggressive sales promotions
- B) change features of the product
- C) improve product quality
- D) find new uses for the product
- E) explore new market segments

Answer: A

Diff: 2

LO: 8-3: Describe the stages of the product life cycle and how marketing strategies change during a product's life cycle.

AACSB: Analytical thinking

85) Which of the following is most likely true of a product in the maturity stage of the product life cycle?

- A) Sales are zero, and the company's investment costs mount.
- B) New competitors enter the market.
- C) A slowdown occurs in sales growth.
- D) Sales increase with decreasing competition.
- E) New distribution channels are acquired.

Answer: C

Diff: 2

LO: 8-3: Describe the stages of the product life cycle and how marketing strategies change during a product's life cycle.

AACSB: Analytical thinking

86) During the _____ stage of the product life cycle, product sales may plunge to zero, or drop to a low level where they continue for many years.

- A) decline
- B) growth
- C) maturity
- D) ideation
- E) analysis

Answer: A

Diff: 1

LO: 8-3: Describe the stages of the product life cycle and how marketing strategies change during a product's life cycle.

87) The maturity stage of the product life cycle is characterized by a slowdown in sales growth.

Answer: TRUE

Diff: 1

LO: 8-3: Describe the stages of the product life cycle and how marketing strategies change during a product's life cycle.

88) Modifying a product is an ineffective strategy in the maturity period of the product life cycle because the product's decline is irreversible at this stage.

Answer: FALSE

Diff: 2

LO: 8-3: Describe the stages of the product life cycle and how marketing strategies change during a product's life cycle.

89) During the decline stage of the product life cycle, product sales may plunge to zero, or they may drop to a low level where they continue for many years.

Answer: TRUE

Diff: 1

LO: 8-3: Describe the stages of the product life cycle and how marketing strategies change during a product's life cycle.

90) The moral of the product life cycle is that companies must continually innovate; otherwise, they risk extinction.

Answer: TRUE

Diff: 2

LO: 8-3: Describe the stages of the product life cycle and how marketing strategies change during a product's life cycle.

AACSB: Analytical thinking

91) Briefly explain each step in a typical product life cycle.

Answer: Product development begins when a company finds and develops a new product idea. During this stage, sales are zero and the company's investment costs mount. Introduction is a period of slow sales growth as the product is introduced in the market. Profits are nonexistent in this stage because of the heavy expenses of product introduction. Growth is a period of rapid market acceptance and increasing profits. Maturity is a period of slowdown in sales growth because the product has achieved acceptance by most potential buyers. Profits level off or decline because of increased marketing outlays to defend the product against competition. Decline is the period when sales fall off and profits drop. At this stage, a company may decide to maintain, harvest, or drop a product.

Diff: 2

LO: 8-3: Describe the stages of the product life cycle and how marketing strategies change during a product's life cycle.

92) Differentiate between styles, fashions, and fads. Illustrate your response with examples of each.

Answer: A style is a basic and distinctive mode of expression. For example, styles appear in homes (colonial, ranch, transitional), clothing (formal, casual), and art (realist, surrealist, abstract). Once a style is invented, it may last for generations, passing in and out of vogue. A style has a cycle showing several periods of renewed interest.

A fashion is a currently accepted or popular style in a given field. For example, the more formal "business attire" look of corporate dress of the 1980s and 1990s gave way to the "business casual" look of the 2000s and 2010s. Fashions tend to grow slowly, remain popular for a while, and then decline slowly.

Fads are temporary periods of unusually high sales driven by consumer enthusiasm and immediate product or brand popularity. A fad may be part of an otherwise normal life cycle, as in the case of recent surges in the sales of poker chips and accessories. Or the fad may comprise a brand or product's entire life cycle.

Diff: 3

LO: 8-3: Describe the stages of the product life cycle and how marketing strategies change during a product's life cycle.

AACSB: Analytical thinking

93) Briefly describe the maturity stage of the product life cycle.

Answer: At some point, a product's sales growth will slow down, and it will enter the maturity stage. This maturity stage normally lasts longer than the previous stages, and it poses strong challenges to marketing management. Most products are in the maturity stage of the life cycle, and therefore most of marketing management deals with the mature product. The slowdown in sales growth results in many producers with many products to sell. In turn, this overcapacity leads to greater competition. Competitors begin marking down prices, increasing their advertising and sales promotions, and upping their product development budgets to find better versions of the product. These steps lead to a drop in profit. Some of the weaker competitors start dropping out, and the industry eventually contains only well-established competitors. Although many products in the mature stage appear to remain unchanged for long periods, most successful ones are actually evolving to meet changing consumer needs. Product managers should do more than simply ride along with or defend their mature products — a good offense is the best defense. They should consider modifying the market, product offering, and marketing mix.

Diff: 2

LO: 8-3: Describe the stages of the product life cycle and how marketing strategies change during a product's life cycle.

94) What options are available to a firm that has a product in the decline stage of the product life cycle? Briefly discuss each option.

Answer: A firm has many options with regard to a failing product. It may decide to maintain its brand, repositioning or reinvigorating it in hopes of moving it back into the growth stage of the product life cycle. Management may decide to harvest the product, which means reducing various costs (plant and equipment, maintenance, R&D, advertising, sales force), hoping that sales hold up. If successful, harvesting will increase the company's profits in the short run. Finally, management may decide to drop the product from its line. The company can sell the product to another firm or simply liquidate it at salvage value. If the company plans to find a buyer, it will not want to run down the product through harvesting.

Diff: 2

LO: 8-3: Describe the stages of the product life cycle and how marketing strategies change during a product's life cycle.

AACSB: Analytical thinking

95) As a result of _____, a company cannot make its product illegally similar to a competitor's already established product.

- A) anti-monopoly laws
- B) patent laws
- C) antitrust laws
- D) product warranties
- E) product liability

Answer: B

Diff: 2

LO: 8-4: Discuss two additional product issues: socially responsible product decisions and international product and services marketing.

AACSB: Ethical understanding and reasoning

96) Some companies are now appointing _____, whose job is to protect consumers from harm and the company from liability by proactively ferreting out potential product problems.

- A) intradepartmental teams
- B) idea generation teams
- C) product audit committees
- D) product stewards
- E) listening officers

Answer: D

Diff: 1

LO: 8-4: Discuss two additional product issues: socially responsible product decisions and international product and services marketing.

AACSB: Ethical understanding and reasoning

97) The federal government has the legal authority to prevent a company from adding products through acquisitions if the acquisition threatens to lessen competition.

Answer: TRUE

Diff: 1

LO: 8-4: Discuss two additional product issues: socially responsible product decisions and international product and services marketing.

AACSB: Ethical understanding and reasoning

98) The Consumer Product Safety Act of 1972 established the Consumer Product Safety Commission, which has the authority to ban or seize potentially harmful products and set severe penalties for violation of the law.

Answer: TRUE

Diff: 1

LO: 8-4: Discuss two additional product issues: socially responsible product decisions and international product and services marketing.

AACSB: Ethical understanding and reasoning

99) When a company decides to go international with a product, it must first figure out what products and services to introduce and in which countries.

Answer: TRUE

Diff: 1

LO: 8-4: Discuss two additional product issues: socially responsible product decisions and international product and services marketing.

100) Discuss public policy issues, government regulations, and laws that affect new product development.

Answer: Marketers should carefully consider public policy issues and regulations regarding acquiring or dropping products, patent protection, product quality and safety, and product warranties. Regarding new products, the government may prevent companies from adding products through acquisitions if the effect threatens to lessen competition. Companies dropping products must be aware that they have legal obligations, written or implied, to their suppliers, dealers, and customers who have a stake in the dropped product. Companies must also obey U.S. patent laws when developing new products. A company cannot make its product illegally similar to another company's established product.

Manufacturers must comply with specific laws regarding product quality and safety. The Federal Food, Drug, and Cosmetic Act protects consumers from unsafe and adulterated food, drugs, and cosmetics. Various acts provide for the inspection of sanitary conditions in the meat- and poultry-processing industries. Safety legislation has been passed to regulate fabrics, chemical substances, automobiles, toys, and drugs and poisons. The Consumer Product Safety Act of 1972 established the Consumer Product Safety Commission, which has the authority to ban or seize potentially harmful products and set severe penalties for violation of the law.

Diff: 2

LO: 8-4: Discuss two additional product issues: socially responsible product decisions and international product and services marketing.

AACSB: Analytical thinking; Ethical understanding and reasoning

Mohammed taha

www.yufoe.weebly.com