

ch03

Student: _____

1. In the Chapter 3 opening profile Jenna Weber notes whether it is the corporate buyer or the end consumer, once you understand it, the purchasing process is very simple.
True False
2. Salespeople selling OEM products need to demonstrate that their product helps customers produce products which will offer superior value.
True False
3. Resellers consider three elements when making decisions about what products to sell: customer profiles, targeted return, and equilibrium.
True False
4. Barton Wholesaling Company, Tommy Hilfiger (a designer of men's clothing) and Carlyle Trucking are all examples of resellers.
True False
5. Organizational selling often requires salespeople to know about the customer's customers.
True False
6. Global sourcing is a key factor in achieving a sustainable competitive advantage.
True False
7. Derived demand means demand is derived from the increase in GDP.
True False
8. Salespeople often trigger the buying process by demonstrating how their products can improve the efficiency of the customer's operation.
True False
9. Creeping commitment means that a customer becomes increasingly committed to a particular course of action while going through the steps in the buying process.
True False
10. When the Rose Bowl Parade committee votes to buy flowers to make mantles for the cars in the parade, it is an example of a new task buy.
True False
11. From the salesperson's point of view, the initial steps in the buying process are critical in new-task situations.
True False
12. When the office manager of an established dentist orders a new case of dental floss, it is probably a straight rebuy.
True False
13. A buying center is an informal group of people in the purchasing department involved in a purchase decision.
True False
14. Your supervisor directs you to investigate alternatives to regular postal service delivery. Your supervisor is acting as the gatekeeper in the buying process.
True False

15. In some countries it is difficult for a salesperson to determine who the members of the buying center are.
True False
16. Life-cycle costing is a method of pricing based on product life cycle stages.
True False
17. Members of the purchasing department and technical experts from engineering, production, and quality control departments perform value analyses.
True False
18. One of the current trends in organizational buying, purchasing is becoming more decentralized.
True False
19. Always-a-share means each vendor will always get a share.
True False
20. The ultimate goal of just-in-time (JIT) inventory control is to eventually eliminate all inventories except material in production and in transit.
True False
21. The first step in supplier relationship management is to determine the end user spending patterns.
True False
22. (p. 63) In the opening profile Hormel sales rep, Jenna Weber states that since most Hormel products are impulse purchases, it is critical that her company's products:
A. seem luxurious.
B. be highly visible.
C. be environmentally friendly.
D. use a humorous appeal.
E. all of the above
23. When P.C. Logic, a facsimile machine manufacturer, purchases ceramic printing heads from Kyocera to install in its fax machines, it is acting as a(n):
A. reseller.
B. original equipment manufacturer.
C. "out" supplier.
D. end user.
E. acquisition expert.
24. Westex makes uniforms and overalls for employees in any industry where there is a potential for fire injury. It uses Indura Tuf Stuf fabric in all of the uniforms it manufacturers because Tuf Stuf has been rated the most fire-resistant fabric on the market today. Westex is an example of a(n):
A. reseller.
B. original equipment manufacturer.
C. government regulator.
D. end user.
E. acquisition expert.
25. Which of the following would be an example of a capital equipment purchase for a manufacturer of stained glass windows?
A. Lead solder to hold the pieces of glass together.
B. The designs that are used for each project.
C. The wood used to build frames for the windows.
D. The building which houses the workers.
E. Gas for the company's delivery van.

26. Reginald is determining which new products he will add to his gift and card store. As a reseller, Reginald considers three elements:
- A. emotional needs, new task ordering and creeping commitment.
 - B. annual spend, buying center dynamics and influencers.
 - C. profit margin, turnover and effort.
 - D. JIT, automatic replenishment, and MRO.
 - E. gatekeepers, life-cycle costing and lost-for-good.
27. The purchase of maintenance, repair, and operating (MRO) supplies:
- A. is usually overseen by the department placing the order.
 - B. includes the services offered by accountants and advertising agencies.
 - C. is treated as a new-task buying situation.
 - D. is considered equally important as the purchase of capital equipment.
 - E. is typically done without an evaluation of the supplier.
28. Eva is considering new items for her store and is concerned about her profit margin. She will ask the sales rep:
- A. What the unit cost is and the suggested retail price.
 - B. What is the marginal turnover rate and the expected delivery time.
 - C. What are servicing requirements and the cost of repairs.
 - D. Which JIT system will maximize in-store inventory.
 - E. How likely will it be that competitors substitute derived demand products for institutional design requirements.
29. _____ is the major source of information for bidding on contracts to provide goods and services to the Federal government.
- A. *The New York Times*
 - B. *Commerce Business Daily*
 - C. *Forbes*
 - D. *Business Week*
 - E. *Financial Times*
30. Effective selling to government agencies requires:
- A. *The New York Times*.
 - B. effective internal controls designed to maximize just-in-time delivery of requests for proposals.
 - C. advanced knowledge of 80-20 ordering procedures.
 - D. thorough knowledge of their unique procurement procedures and rules.
 - E. active listening centered on gatekeeper's internal satisfaction requirements.
31. Compared to consumer purchase decisions, organizational purchase decisions:
- A. are much larger.
 - B. involve fewer people.
 - C. seldom require negotiations.
 - D. are less complex.
 - E. take a shorter period of time.
32. Salespeople need to understand that purchases made by their customers' customers exemplify:
- A. derived demand.
 - B. a competitive advantage for the seller.
 - C. economies of scale in production.
 - D. just-in-time (JIT) inventory control.
 - E. new-task buys.

33. Westex makes uniforms and overalls for employees in any industry where there is a potential for fire injury. It uses Indura Tuf Stuf fabric in all of the uniforms it manufactures. If there is a decline in the chemical industry, then there will be a decrease in employment in that industry. Since fewer uniforms will be needed, then sales for Tuf Stuf fabric will decline. This is an example of:
- A. derived demand.
 - B. a competitive advantage for the seller.
 - C. economies of scale in marketing.
 - D. just-in-time (JIT) inventory control.
 - E. a new-task buy.
34. Alcoa Aluminum is a large manufacturer of "can sheets" used to manufacture drink cans. Its ability to sell to Pearl Brewing Company is directly related to how many people buy Pearl beer. This is an example of:
- A. derived demand.
 - B. a competitive advantage for the seller.
 - C. economies of scale in marketing.
 - D. just-in-time (JIT) inventory control.
 - E. a new-task buy.
35. In which stage of the buying process was the chief executive of Norell, an agency that supplies businesses with temporary workers, when he realized that the health-care industry necessitated temporary workers as much if not more than goods-oriented businesses?
- A. preparation of the salesperson's presentation
 - B. evaluation of alternatives
 - C. development of specifications
 - D. recognizing a need
 - E. evaluation of the result of sale calls
36. By showing a paper products manufacturer that the C.G. Bretting napkin-folding machine could fold 2,000 paper napkins per minute, twice the rate of their current machine, the Bretting salesperson:
- A. forced the manufacturer to perform a vendor analysis.
 - B. showed the manufacturer that it needed this product to improve its efficiency.
 - C. showed the manufacturer that it needed to develop a detailed list of features that would want to make . all of its equipment more efficient.
 - D. created derived demand.
 - E. created a need for more MRO equipment.
37. The last step in the buying process is the:
- A. establishment of a long-term relationship with the seller.
 - B. receipt of the product.
 - C. vendor analysis.
 - D. evaluation of product performance.
 - E. placement of the order.
38. Regan wants to develop a long-term relationship with his customers. To accomplish this objective Regan will pay close attention to:
- A. the acquisition and analysis of proposals.
 - B. the definition of the type of product needed.
 - C. the evaluation of product performance.
 - D. the receipt of an order.
 - E. the recognition of a need or problem.
39. In which of the following buying situations is creeping commitment most likely to occur?
- A. the purchase of a replacement hydraulic motor for a forklift
 - B. the purchase of a local area network (LAN) system
 - C. the purchase of the annual Christmas tree from Farmer Gregson
 - D. the ordering of a case of paper towels for a service station
 - E. the purchase of a new goldfish to replace the one that died

40. Handell has established a small company that manufactures decorative items for the home. One of the company's newest items is a line of thermometers reproduced from ones that were given away free before World War II. Since quality is essential to the company's success, it spent a great deal of time and effort locating the best suppliers for the metal, wood, paint, and mercury that went into its first production. The purchase of these components would be an example of a _____ buying situation.
- A. new-task
 - B. straight-rebuy
 - C. derived-demand
 - D. value-added
 - E. modified-rebuy
41. Kevin works for Irish Pub Company, a design and construction outfit that sells completely finished, made-in-Ireland pubs--complete with everything from beer taps to mosaic floors to decorative bric-a-brac like antique whiskey bottles--to American entrepreneurs. Kevin is trying to sell the Irish pub concept to a retired New York City business executive who wants to own his own business. Since the executive is not an experienced pub owner and is reluctant to invest \$300,000 in the project, Kevin should consider this to be a _____ buying situation.
- A. new-task
 - B. straight-rebuy
 - C. derived-demand
 - D. value-added
 - E. modified-rebuy
42. Byorn, a purchasing manager, is part of the team evaluating VOIP communication systems, a major capital investment for his telemarketing company. Byorn is involved in a(n) _____ situation.
- A. life-cycle costing
 - B. new task
 - C. end user emotional needs
 - D. straight rebuy
 - E. modified MRO
43. A manufacturer of aquariums for consumers' homes is most likely to go through all eight stages of the buying process when she is:
- A. renewing subscriptions to trade journals.
 - B. purchasing a new computerized inventory system to facilitate the implementation of a just-in-time (JIT) inventory system.
 - C. ordering glass sheets from the firm's usual supplier.
 - D. restocking the glue needed to make the tanks leak-proof.
 - E. buying cleaning supplies from the list left by the maintenance staff.
44. The key decision maker in a straight rebuy buying situation for a heavy equipment manufacturer is most likely to be the:
- A. chief executive officer.
 - B. company's head engineer.
 - C. purchasing agent.
 - D. organization's legal officer.
 - E. vice-president of procurement.
45. Which of the following is NOT an example of a straight rebuy?
- A. renewing subscriptions to trade journals
 - B. purchasing a new computerized inventory system to facilitate the implementation of a just-in-time (JIT) inventory system
 - C. ordering glass sheets from the firm's usual supplier
 - D. restocking the glue needed to attach decorative trim to the product
 - E. buying cleaning supplies from the list left by the maintenance staff

46. The salesperson for the Big Apple Sign Corporation was trying to get the hardware storeowner to buy a new kind of advertising tool called floor graphics, an opaque vinyl film that applies directly to the floor, is easy to remove, and can be used to promote in-store specials. Since the storeowner has purchased advertising before--just not this particular kind of advertising, this is an example of a _____ buying situation.
- A. derived rebuy
 - B. straight-rebuy
 - C. derived-demand
 - D. value-added
 - E. modified-rebuy
47. Daplast is a Spanish company that manufactures stadium seating for sports venues. It is one of many such manufacturers. The purchase of Daplast stadium seating for the 2012 Olympic stadium would probably be an example of a _____ situation while the purchase of replacement seating for the Ohio State University football stadium from Daplast would probably be a _____ situation.
- A. straight rebuy; modified rebuy
 - B. new task buy; straight rebuy
 - C. modified rebuy; new task buy
 - D. straight rebuy; new task buy
 - E. new task buy; modified rebuy
48. Imagine the manufacturer of Fancy Feast cat food has purchased "can sheets" for making its cans from Alcoa Aluminum for years, but it has recently decided to become more environmentally friendly. In doing so, it plans to talk to Reynolds Aluminum about its recycling project. In this instance, the purchase of "can sheets" would be an example of a _____ buying situation.
- A. new-task
 - B. straight-rebuy
 - C. derived-demand
 - D. value-added
 - E. modified-rebuy
49. Your supervisor directs you to investigate alternatives to regular postal service delivery. Your supervisor is acting as the _____ in the buying process.
- A. initiator
 - B. gatekeeper
 - C. decider
 - D. influencer
 - E. user
50. The human resource director at a commercial laundry is having trouble providing the labor needed for the business. In a trade journal, he read about a VAC Soil Counting System that is a computerized system for sorting and counting incoming soiled textiles. The system can reduce labor costs by up to 50 percent. He called the toll-free number in the ad and has talked to the salesperson. The VAC salesperson had been trying to get an interview with the owner of the laundry for over a year, so he was pleased when the HR director showed interest in the product and expressed willingness to take the information to the owner. In terms of the buying center, the HR director is acting as a(n):
- A. initiator.
 - B. buyer.
 - C. user.
 - D. decider.
 - E. gatekeeper.

51. The human resource director at a commercial laundry is having trouble providing the labor needs for the business. In a trade journal, he read about a VAC Soil Counting System that is a computerized system for sorting and counting incoming soiled textiles. The system can reduce labor costs by up to 50 percent. He is encouraging the floor supervisor to buy the system, but the supervisor says while he liked to see such a system used by the laundry such a decision has to be approved by the laundry's owner. In terms of the buying center, the HR director is a(n) ____, the supervisor is a(n) ____, and the owner is a(n) ____.
- A. gatekeeper; user; decider
 - B. initiator; user; decider
 - C. decider; buyer; gatekeeper
 - D. buyer; influencer; user
 - E. user; buyer; influencer
52. The hospital is considering changing its supplier of replacement joints. While surgeons make the final decision, the hospital's purchasing department is promoting Kyocera because it manufactures one of the cheapest and most durable hip joints on the market. In terms of the buying center, the purchasing department is a(n):
- A. decider.
 - B. influencer.
 - C. judge.
 - D. user.
 - E. demand deriver.
53. ____ control the flow of information and limit the alternatives considered.
- A. Deciders
 - B. Influencers
 - C. Buyers
 - D. Users
 - E. Gatekeepers
54. Bruce is the executive assistant to a movie director. It is his job to examine all scripts sent to the director for consideration. If Bruce likes a script, he gives it to the director to read, and if he does not like a script, he throws it in the trash. In terms of the buying center, Bruce serves as a(n):
- A. idea creator.
 - B. influencer.
 - C. judge.
 - D. user.
 - E. gatekeeper.
55. The chief executive officer for a manufacturer of leather handbags would be most likely to become a member of the buying center when the company:
- A. orders a replacement housing for one of its assembly line machines to better protect its line workers.
 - B. instructs the printer to print 1,000 additional copies of the company newsletter.
 - C. buys a new health insurance plan for all of its employees.
 - D. renews its membership in trade associations.
 - E. buys paper supplies for its laser printers.
56. The evaluation and selection of products and suppliers are affected by the needs of both the organization and the individuals making the decision. These needs are categorized as:
- A. emotional and rational.
 - B. formal and informal.
 - C. verbal and nonverbal.
 - D. external and internal.
 - E. behavioral and attitudinal.

57. The owner of a commercial laundry is having trouble providing the labor needed for the business. In a trade journal, he read about a VAC Soil Counting System that is a computerized system for sorting and counting incoming soiled textiles. The system can reduce labor costs by up to 50 percent. To satisfy _____ needs, he is considering purchasing the system or one similar to it.
- A. emotional
 - B. formal
 - C. external
 - D. verbal
 - E. rational
58. Keeler is the purchasing agent for a hospital that is looking to change its supplier of replacement joints. He wants to give the contract to Kyocera because it manufactures the cheapest and most durable joint replacements on the market. This is an example of a buying center member expressing a(n) _____ need.
- A. emotional
 - B. formal
 - C. external
 - D. verbal
 - E. rational
59. Ruth markets rock concerts. She is looking for a company that will handle all of the various mailings needed to promote the purchase of concert tickets. She wants to use Graham Mail House because she is a close personal friend with the mailing house's operation manager, but others involved in the decision making want to take bids from other mailing houses. In this example Ruth is expressing a(n) _____ need.
- A. emotional
 - B. formal
 - C. external
 - D. verbal
 - E. rational
60. Using the life-cycle costing approach, salespeople can demonstrate that:
- A. a product in the decline stage of its product life cycle will have little, if any, service.
 - B. a product with a higher initial cost will have lower overall costs.
 - C. operational costs do not change over the life time of capital equipment.
 - D. a product in the introductory stage of its product life cycle will have more problems than one in a later stage.
 - E. operational costs actually decreased over the life time of capital equipment due to increased familiarity.
61. When using life-cycle costing as one of the criteria for evaluating and selecting a supplier for a new oil well drilling platform, a purchasing agent should look at:
- A. the initial cost of the platform.
 - B. the estimated maintenance cost for the platform over a ten-year period.
 - C. how soon the platform will need to be replaced.
 - D. the cost of installing the platform at a drilling site.
 - E. all of the above
62. In "Developing a Diverse Supplier Base" vendor diversity is defined as:
- A. a large variety of suppliers.
 - B. suppliers with a large variety of products.
 - C. buying from vendors owned by women, minorities, and disabled veterans.
 - D. geographic diversification.
 - E. breadth and depth in the vendor vetting process.

63. Sparkling clean floors are both eye-pleasing and difficult to maintain in high-traffic areas. Most stores use floor mats, especially at doors, to keep floors clean, but these mats get dirty easily and are troublesome to clean. A salesperson from a mat rental service can show a retailer how much money can be saved by comparing costs of owning mats to the costs of renting mats. In this way, the salesperson for the mat rental service can:
- A. satisfy both the service and economic criteria of the buyer.
 - B. perform a vendor analysis.
 - C. create a sustainable differential advantage for the user.
 - D. satisfy the quality and service criteria of the buyer.
 - E. centralize its purchasing processes.
64. Which of the following members of the buying center would typically NOT be involved in a value analysis?
- A. a representative from the engineering department
 - B. members of the purchasing department
 - C. technical experts from the production department
 - D. technical experts from the quality control department
 - E. a representative from the advertising department
65. LifeStream Industries has used GE light bulbs for years. When it needs new light bulbs, it uses a straight rebuy. The distributor of Tungstram LED light bulbs would like an opportunity to get his product considered by LifeStream. A _____ would be particularly useful for Tungstram, the out supplier.
- A. quality-service analysis
 - B. organizational audit
 - C. environmental assessment
 - D. value analysis
 - E. multi-attribute model
66. The need for risk reduction is one of the factors affecting the individual making the organizational buying decision. What can a salesperson do to help reduce the risk?
- A. Turn a straight rebuy situation into a modified rebuy situation.
 - B. Provide the buyer with product information from independent sources not connected with the company . for which the salesperson works.
 - C. Send the buyer the complete portfolio of all collateral sales materials.
 - D. Make the buyer understand that every buy should be a new-task buy situation.
 - E. Persuade the buyer to not perform vendor analyses.
67. Jackson likes his major parts supplier for his automobile repair business but always buys some of his parts from another competitor. Jackson is using a _____ strategy.
- A. value loyalty
 - B. always-a-share
 - C. supplier devotion
 - D. straight rebuy
 - E. derived demand
68. Foster has decided to buy all his MRO supplies from Alexia's Supply House. For competitors, Foster's account is:
- A. always-a-share.
 - B. JIT.
 - C. a modified rebuy.
 - D. lost-for-good.
 - E. derived demand.

69. To make its world famous barbecue, the Old Smoke House restaurant needs a steady supply of hickory wood. Because the Old Smoke House's owner believes in ____, she has used the same wood supplier for almost fifteen years.
- A. value loyalty
 - B. purchase certainty
 - C. supplier devotion
 - D. supplier allegiance
 - E. vendor loyalty
70. In which stage of the buying process are personal, noncommercial sources of information most important?
- A. need recognition
 - B. development of specifications
 - C. sales calls
 - D. proposal evaluation
 - E. order replacement
71. Because DLS Aquatics has proven to be a satisfactory supplier of aquarium filters for Fins Aloft, a tropical fish retailer, the store's owner has ____, which is illustrated by his continued buying from that company in spite of sales calls from salespeople from other distributors.
- A. vendor loyalty
 - B. brand equity
 - C. buyer allegiance
 - D. top-of-mind awareness
 - E. creeping commitment
72. The organizational buyer for Van Bloom Gardens frequently uses ____ to make sure that all important factors are considered, such as bulb size, delivery speed, bulb sprouting time, and level of sales support, before selecting a supplier.
- A. a vendor analysis
 - B. a marketing audit
 - C. outsourcing
 - D. a needs assessment
 - E. a value analysis
73. The business environment is changing dramatically, and organizational buying is also changing. As organizations are pressured to improve product quality, control costs, and minimize inventory, they are:
- A. elevating their purchasing directors to reflect the increasing importance of this function.
 - B. replacing just-in-time inventory control with a more practical technique.
 - C. using less global sourcing to reduce transportation costs.
 - D. using less value analysis.
 - E. doing all of the above
74. The objective of a(n) ____ system is to minimize inventory by having frequent deliveries, sometimes daily, as needed for assembly into a final product.
- A. efficient consumer response
 - B. total quality management
 - C. just-in-time inventory control
 - D. zero-defect management
 - E. material requirements planning

75. Ryan wants a vendor who will provide ingredients for her restaurant each day, adjusted for the number of reservations he has for that evening. Ryan is looking for a vendor who will provide:
- A. risk reduction.
 - B. just-in-time inventory control.
 - C. material requirements planning.
 - D. supply chain management.
 - E. outsourcing.
76. Daimler-Chrysler uses a supply chain management system called _____ to schedule delivery of auto parts to arrive at its plants thirty minutes before the parts are to be used in the assembly process.
- A. efficient consumer response
 - B. total quality management
 - C. just-in-time inventory control
 - D. zero-defect management
 - E. material requirements planning
77. To develop the close coordination needed for just-in-time (JIT) inventory control systems, manufacturers tend to rely on one supplier. How is this supplier selected?
- A. by lowest item-by-item cost
 - B. by its ability to be flexible
 - C. by product quality
 - D. by size of operation
 - E. by lowest overall cost
78. Hallmark supplies its retailers with handheld Crownlink electronic data interchange terminals. All of its retailers use these terminals to transmit merchandise orders to Hallmark in Kansas City. Inventory is stocked as needed. Stockouts cannot occur. Shipments will be placed daily if that is what the individual retailer needs. This is an example of a _____ system.
- A. efficient consumer response
 - B. total quality management
 - C. marketing information
 - D. zero-defect management
 - E. material requirements planning
79. Which of the following statements about a material requirements planning (MRP) system is true?
- A. The MRP system can be used to forecast sales.
 - B. An MRP system would never be implemented by a company trying to use a total quality management . approach to managing its business.
 - C. The MRP system is most often used to uncover needs or problem areas within an organization's various functional departments.
 - D. An MRP system is a type of JIT program.
 - E. The MRP system often creates bottlenecks.
80. _____ systems are used to forecast sales, develop production schedules, and select inventory dates that minimize costs.
- A. Efficient consumer response
 - B. Total quality management
 - C. Marketing research
 - D. Zero-defect management
 - E. Material requirement planning
81. Material requirements planning (MRP) systems:
- A. are an important element in JIT programs.
 - B. can be used to forecast sales.
 - C. can be used to develop production schedules.
 - D. will minimize costs by scheduling delivery dates that minimize the amount of inventory needed.
 - E. are described by all of the above

82. Material requirements planning and electronic data interchange are all elements of:
- A. just-in-time inventory control.
 - B. value analysis.
 - C. total quality management.
 - D. vendor analysis.
 - E. life-cycle costing.
83. Daimler-Chrysler uses _____ to manage its annual export of 65,000 vehicles. This computer-to-computer linkage, which Daimler-Chrysler calls HarperLink, provides worldwide control, invoicing, and information about ports, carriers, and custom documentation.
- A. a local area network
 - B. material requirements planning
 - C. a spreadsheet program
 - D. electronic data interchange
 - E. database marketing
84. Automatic replenishment is a form of JIT where the supplier manages _____ for the customer.
- A. demand
 - B. price
 - C. inventory
 - D. accounting
 - E. all of the above
85. Rock-Tenn Corporation continually receives data on production schedules from their customers including beer manufacturers. It uses the information to determine the quantity of boxes to ship to the manufacturer. Rock-Tenn has established a _____ relationship with their customer.
- A. creeping commitment
 - B. extranet
 - C. value analysis
 - D. automatic replenishment
 - E. life-cycle costing
86. Violet is developing a supplier relationship management strategy (SRM) for her company. The first step she will take is to determine the _____ with each vendor.
- A. efficient consumer response procedure
 - B. electronic data interchange protocol
 - C. gatekeeper structure
 - D. annual spend
 - E. material requirements
87. Most companies view their websites as:
- A. a means of replacing salespeople.
 - B. a support tool for salespeople.
 - C. providing all the information needed to make a decision, subordinating the role of salespeople to order takers.
 - D. a means for customers to be able to engage in relationship marketing.
 - E. a method of managing new task purchases but not automatic rebuys.
88. Kyle represents Delphi auto parts company. He is on the Internet bidding on a contract to supply parts to a major retail company. Kyle is involved in a(n):
- A. extranet.
 - B. shopping bot.
 - C. reverse auction.
 - D. efficient consumer response simulation.
 - E. JIT negotiation.

89. How does the organizational buying process differ from the consumer buying process?
90. Respond to the following statement: "Creeping commitment takes place in a straight rebuy situation."
91. Imagine you are an office manager for a dentist. Give an example of how you might experience each of the three buying situations.
92. What are the different roles of people in a buying center?
93. Your university is considering contractors to build a new sports complex. What factors will likely influence school's buying decision?
94. How would you categorize the needs within the buying center?

95. Brian is attempting to get a marketing professor to adopt his publisher's textbook. Brian knows the professor has been using a competing text and would have to spend considerable time adjusting his syllabus and classroom strategies if she adopts Brian's textbook. He points out that his textbook is newly revised which means the professor can use it for several years without having to make adjustments. What sales technique is Brian using?
96. What is supply chain management and what is a salesperson's role in supply chain management?
97. How is the Internet affecting salespeople?
98. What is the term used to describe a manufacturer of riding lawn mowers that purchases tires, blades, seat cushions, and engines it needs to build the mowers from other companies?
99. What is the product classification for copier paper, toner for the copy machine, coffee filters for the office coffee machine, and paper towels for the office restroom?
100. When selling to resellers, what do benefits salespeople often emphasize?

101.How would you classify the largest customers in the United States for goods and services?

102.How can global competitiveness affect organizational buying?

103.You are a salesperson for a window and door distributor. Why should you pay close attention to the demand for new housing and the number of new high-rises getting building permits?

104.What is the first step in the organizational buying process?

105.At which step in the organizational buying process can a salesperson help the customer and help increase their chances of making a sale?

106.When does creeping commitment occur?

107. What kind of buying decision is being made when the receptionist orders replacement goldfish for the aquarium in the lawyers' waiting room from the company that initially supplied the fish that died?
108. Getra Topaz is the purchasing agent for a hospital that specializes in orthopedic surgery, especially hip and knee replacements. She has been made aware of the existence of a ceramic hip joint that is stronger and will outlast the traditional replacement joint by at least 10 years. What kind of a buying decision will be occurring as Topaz determines whether to use the traditional hip replacement joint or try the new one?
109. The nurses at First Baptist Hospital wear uniforms that are rented from a local supplier. The nurses want a new style of uniform that is unavailable from the present supplier. Nurses Rosen and Brown have asked Delphi Suppliers to provide them with sample uniforms. They will pick out the style that they like best and present the alternatives to the other nurses who will vote on the one they like best. In terms of the buying center, what roles did Nurses Rosen and Brown assume?
110. What is the significance of initiators to sales people?
111. What kind of a need is being satisfied when the purchasing agent buys for his office the type of desk that will make him look like he has an important job?

112. How can salespeople use the concept of life-cycle costing?

113. What is one of the benefits of vendor diversity?

114. How are buyers using Internet technology including Facebook, Google Buzz, and Twitter?

115. When using vendor analysis, what criteria are typically used?

116. What are suppliers engaged in when suppliers are authorized to monitor and maintain inventories used in production by their customer?

117. What is the term for a bidding situation where the lowest bid wins the contract?

ch03 Key

1. (p. 63) FALSE
2. (p. 64) TRUE
3. (p. 65) FALSE
4. (p. 65) FALSE
5. (p. 68) TRUE
6. (p. 69) TRUE
7. (p. 69) FALSE
8. (p. 69) TRUE
9. (p. 71) TRUE
10. (p. 72) FALSE
11. (p. 72) TRUE
12. (p. 72) TRUE
13. (p. 74) TRUE
14. (p. 75) FALSE
15. (p. 75) TRUE
16. (p. 77) FALSE
17. (p. 79) TRUE
18. (p. 81) FALSE
19. (p. 81) FALSE
20. (p. 82) TRUE
21. (p. 83) FALSE
22. (p. 63) B
23. (p. 64) B
24. (p. 64) B
25. (p. 65) D
26. (p. 65) C
27. (p. 65) E
28. (p. 65) A
29. (p. 67) B
30. (p. 67) D
31. (p. 68) A
32. (p. 69) A
33. (p. 69) A
34. (p. 69) A
35. (p. 69) D
36. (p. 69) B

37. (p. 69) D
38. (p. 71) C
39. (p. 71) B
40. (p. 72) A
41. (p. 72) A
42. (p. 72) B
43. (p. 72) B
44. (p. 73) C
45. (p. 73) B
46. (p. 73) E
47. (p. 71-73) E
48. (p. 73) E
49. (p. 74) A
50. (p. 74) A
51. (p. 74-76) B
52. (p. 75) B
53. (p. 76) E
54. (p. 76) E
55. (p. 76) C
56. (p. 77) A
57. (p. 77) E
58. (p. 77) E
59. (p. 77) A
60. (p. 77) B
61. (p. 77) E
62. (p. 78) C
63. (p. 77-79) A
64. (p. 79) E
65. (p. 79) D
66. (p. 80) B
67. (p. 81) B
68. (p. 81) D
69. (p. 81) E
70. (p. 81) D
71. (p. 81) A
72. (p. 79) E
73. (p. 82) A
74. (p. 82) C

75. (p. 82) B

76. (p. 82) C

77. (p. 82) B

78. (p. 83) A

79. (p. 83) A

80. (p. 83) E

81. (p. 83) E

82. (p. 82) A

83. (p. 83) D

84. (p. 83) C

85. (p. 83) D

86. (p. 83) D

87. (p. 86) B

88. (p. 86) C

89. (p. 68) The typical organizational purchase is much larger and more complex than the typical consumer purchase. Organizations use highly trained, knowledgeable purchasing agents to make those decisions. Many other people in organizations are involved in purchase decisions. Organizational buying decisions often involve extensive evaluations and negotiations over a period of time. The average time required to complete an organizational purchase is five months, and during that time salespeople need to make many calls to gather and provide information.

90. (p. 71) It is unlikely that creeping commitment would take place in a straight rebuy situation because an individual in a straight rebuy situation goes through very few of the stages in the buying process. Creeping commitment means that a customer becomes increasingly committed to a particular course of action while going through the steps in the buying process.

91. (p. 72) If the office was infested with ants, you might contact the pest control service that you use to spray for termites, but you would need additional information. This would be an example of a modified rebuy. If you renew subscriptions to magazines that are regularly found in the waiting room, it would exemplify a straight rebuy. A new task situation would occur when you purchase an office computer system for the first time. Students, of course, will have different answers.

92. (p. 74-75) The different roles in a buying center include users, initiators, influencers, gatekeepers, and deciders.

93. (p. 77-79) The school will be influenced by both organizational and individual factors. Organizational factors include the price, quality, and service of different contractors. Individual factors include the needs of the buying center members and risk.

94. (p. 77) Those needs would be either rational or emotional. If they are rational, they would be directly related to the performance of the product. If they are emotional, they would be associated with the personal rewards and gratification of the person buying the product.

95. (p. 79) Brian is attempting to use value analysis. In value analysis the salesperson helps buyers determine the cost of using their product rather than how much the product costs.

96. (p. 82) Supply chain management is a set of programs undertaken to increase the efficiency of the distribution channel that moves products from the producer's facilities to the end user. As supply chains develop buyers and sellers build stronger relationships. Salespeople often are at the center of this relationship and act as facilitators, coordinators, and even marriage counselors in creating a selling team that works effectively with the customer's buying center.

97. (p. 83) The impact of the Internet varies from industry to industry but, generally, it facilitates communication, identifies prospects, provides needed information to customers, can be used for order taking, and checking on the status of orders. While initially, many salespeople felt threatened by the emergence of the Internet, most now see it as a support tool increasing their effectiveness.

98. (p. 64) original equipment manufacturer.

99. (p. 65) MRO supplies.

100. (p. 65) The attractiveness of the products to their customers.

101. (p. 66) as government agencies.

102. (p. 69) It is making it increasingly complex as buyers engage in global sourcing.

103. (p. 69) Derived demand—the more construction the more demand for your products.

104. (p. 71) recognizing a need or a problem.

105. (p. 71-73) At any stage a salesperson can help themselves and their customer.

106. (p. 71) As an organizational buyer better defines the product or service they want, it reduces the number of alternatives increasing the likelihood of choosing a specific vendor.

107. (p. 73) straight rebuy.

108. (p. 73) modified rebuy.

109. (p. 74) user and influencer.

110. (p. 74) Initiators start the buying process, creating opportunities for salespeople.

111. (p. 77) emotional.

112. (p. 77) They can use it to show that a product with a higher initial cost can have a lower overall cost if it lasts longer than cheaper alternatives.

113. (p. 78) Such vendors represent segments of the market, and as such, are able to help their customer, the buyer, understand and realize opportunities in those diverse segments.

114. (p. 80) Buyers use the Web as an information source. But they also use it as a place to register their complaints, voice their wants and desires, and talk to each other about which vendors are the best to do business with.

115. (p. 84) Ratings of supplier's price, quality, performance, and on-time delivery.

116. (p. 83) automatic replenishment.

117. (p. 86) reverse auction.

ch03 Summary

| <u>Category</u> | <u># of Question</u> |
|--------------------------|----------------------|
| | Σ |
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| Difficulty: Easy | 31 |
| Difficulty: Hard | 9 |
| Difficulty: Medium | 77 |