

DIRECTIONS: Mark A on your answer sheet if the sentence is correct; mark B on your answer sheet if the sentence is incorrect.				
1. Employees have a role in controlling business expenses.	A. Sentence is correct	B. Sentence is incorrect		
2. Effective pricing is important for customer satisfaction and for the continued success of the business.	A. Sentence is correct	B. Sentence is incorrect		
3. Accidents in the workplace cannot be prevented or reduced.	A. Sentence is correct	B. Sentence is incorrect		
4. Once a law has been enacted, organizations/associations are unable to affect the way that law will be enforced.	A. Sentence is correct	B. Sentence is incorrect		
5. Studying past advertising is useful in planning future advertising.	A. Sentence is correct	B. Sentence is incorrect		
6. A purchase order contains information regarding the terms of the purchase.	A. Sentence is correct	B. Sentence is incorrect		
7. Customers are sometimes a good source of product information.	A. Sentence is correct	B. Sentence is incorrect		
8. On a business's credit application, the purpose of the loan is not a consideration for granting credit.	A. Sentence is correct	B. Sentence is incorrect		
9. One of the things that a sales forecast can help a business do is to schedule production.	A. Sentence is correct	B. Sentence is incorrect		
10. A reason that many companies update or alter existing products is to make them competitive with similar products.	A. Sentence is correct	B. Sentence is incorrect		
11. An overall purpose of market segmentation is to divide the market by distance from store to producer.	A. Sentence is correct	B. Sentence is incorrect		
12. Limited liability is a characteristic of the form of business ownership known as a corporation.	A. Sentence is correct	B. Sentence is incorrect		
13. The mishandling of company equipment by employees is a main cause of layoffs.	A. Sentence is correct	B. Sentence is incorrect		
14. When a business has a new product which the competition does not have, the business will usually set a price that is fairly low.	A. Sentence is correct	B. Sentence is incorrect		
15. Promotional activities focus on pointing out the differences between competing products when a company's product is in the growth stage of its life cycle.	A. Sentence is correct	B. Sentence is incorrect		
16. Conversation is an example of economic want.	A. Sentence is correct	B. Sentence is incorrect		
17. When businesses adjust their customer-service hours of operation for increased customer convenience, they are considering time utility.	A. Sentence is correct	B. Sentence is incorrect		
18. When the price of a product is high, consumer demand will usually be about average.	A. Sentence is correct	B. Sentence is incorrect		
19. The absence of growth and progress is the major problem of a traditional economic system.	A. Sentence is correct	B. Sentence is incorrect		
20. One major characteristic of the private enterprise system is private property.	A. Sentence is correct	B. Sentence is incorrect		

21. When a monopoly exists, and there is only one supplier of a good or service, this is an example of no competition.	A. Sentence is correct	B. Sentence is incorrect		
22. In the calculation of the GNP, exports are subtracted.	A. Sentence is correct	B. Sentence is incorrect		
23. Most business cycles last two consecutive quarters.	A. Sentence is correct	B. Sentence is incorrect		
24. A disadvantage of accounts receivable financing is that the lender usually charges a high rate of interest.	A. Sentence is correct	B. Sentence is incorrect		
25. Residence history is usually provided by a business that is applying for credit.	A. Sentence is correct	B. Sentence is incorrect		
MULTIPLE CHOICE - Select the most appropriate answer and blacken the space on the answer sheet that corresponds with your selection.				
26. The marketing activity concerned with making goods and services available when and where they are sent back to them?	A. exchange.	B. planning.	C. distribution.	D. the marketing concept.
27. For which of the following could adequate inventory levels be most easily predicted?	A. Fad items	B. Staple goods	C. Model stock	D. Safety stock
28. Which of the following is not sales information used in a unit inventory control system:	A. Basic stock list	B. Sales checks/slips	C. Price tickets	D. Cash register tapes
29. A characteristic of human wants is that they are	A. unlimited.	B. unchanging.	C. consistent.	D. limited.
30. Workers who produce goods and services are called resources.	A. human	B. natural	C. capital	D. traditional
31. The study of how to meet unlimited wants with limited resources is	A. marketing.	B. economics.	C. management.	D. distribution.
32. The primary factor in the determination of demand is	A. product utility.	B. cost of production.	C. government controls.	D. prices of competing products.
33. Which of the following is an example of equilibrium price:	A. Price \$300; Demand 500; Supply 400	B. Price \$600; Demand 200; Supply 400	C. Price \$500; Demand 300; Supply 300	D. price \$400; Demand 400; Supply 300
34. To operate efficiently, a market economy needs all of the following except	A. competition.	B. profit motive.	C. private property.	D. government ownership of business.
35. In order to have exclusive rights to their literary and artistic works, authors and artists can apply for a	A. patent.	B. copyright.	C. tariff.	D. trademark.
36. What organization helps union locals to become established, recruit new members, and negotiate with management?	A. Shop stewards	B. Federal government	C. National union	D. National Labor Relations Board
37. The contraction stage of the business cycle is characterized by decreases in	A. unemployment.	B. savings by consumers.	C. interest rates on loans.	D. sales and profits for businesses.
38. A country imports goods and services from other countries in order to	A. create a trade deficit.	B. create a trade surplus.	C. satisfy domestic wants and needs.	D. participate in domestic trade.
39. Why is quick action important in handling customer complaints?	A. Saves the manager's time	B. Eliminates the need to investigate the problem	C. Pleases the customer	D. Makes the situation easier to handle
40. A marketing-information management system can help businesses to	A. motivate employees.	B. discover employee potential.	C. discover new markets.	D. practice good business ethics.
41. Which of the following is a benefit to consumers of the exchanges which occur as a result of marketing:	A. Making maximum profits	B. Obtaining items when needed	C. Gaining repeat business	D. Determining how to meet wants

42. Why would a business's stockholders be interested in the business's accounting records?	A. To know when to send in their next dividend	B. To find out what benefits employees receive	C. To find out whether the business plans change	D. To know whether they have made a good investment
43. One of the ways in which businesses can be socially responsible is by using research and development in order to	A. balance corporate budgets.	B. create new and better products.	C. create more jobs.	D. gain governmental grants.
44. Determining the terms of a warranty is an activity associated with the _____ element of the marketing mix.	A. place	B. product	C. price	D. promotion
45. Payroll, rent, utilities, and supplies are all classified as _____ expenses.	A. fixed	B. variable	C. operating	D. contractual
46. A basic function of business maintenance is	A. purchase of stock.	B. repair of the firm's equipment.	C. control of inventory.	D. construction of displays.
47. Consumers can compare the quality level of similar products if the products' producers use which of the following processes:	A. Grading	B. Concept testing	C. Labeling	D. Combination branding
48. A product-mix strategy in which a business adds a higher priced product or product line to its product mix is	A. breadth.	B. trading-up.	C. depth.	D. contraction.
49. Which of the following advertising media offers the easiest means to evaluate the effectiveness of an advertisement:	A. Newspaper	B. Direct Mail	C. Radio	D. Television
50. The goal of a firm's participation in community activities is to	A. generate advertising dollars.	B. create goodwill for the business.	C. ensure a well-rounded promotional mix.	D. obtain cooperative advertising funds.
51. An appropriate action for a business that is sending a news release to a newspaper is to	A. follow up with a phone call.	B. ask the editor for feedback on the content.	C. type the release single space.	D. request a specific location in the paper.
52. The promotional plan of a business is based on the business's	A. marketing plan.	B. financial plan.	C. merchandise plan.	D. advertising campaign.
53. What kind of goods should a business select for promotion in preferred interior display locations?	A. Markdowns	B. Slow-selling merchandise	C. Overstocks	D. Fast-selling articles
54. Why do businesses have policies about purchasing an adequate supply of goods?	A. To fill available space	B. To spend excess income	C. To satisfy suppliers	D. To meet customers' needs
55. Which of the following is not a step in the retail buying process:	A. Identity a company need	B. Identify sources of supply	C. Negotiate price	D. Evaluate sources of supply
56. Buyers should evaluate products before purchasing to make sure they are items customers want and that they will provide _____ for the company.	A. goals	B. strategies	C. profits	D. incentives
57. Which of the following is a factor that affects the final cost of the goods a business buys for resale:	A. The amount of open-to-buy	B. The business's stock-sales ratio	C. Whether the business uses unit or dollar control	D. Whether supplier or buyer pays the shipping charges
58. An important reason to schedule regular product deliveries for a business is to	A. control inventory shrinkage.	B. keep receiving workers busy.	C. maintain maximum stock levels.	D. have a smooth flow of goods.
59. Which of the following situations is an example of a speculative risk that a business might face:	A. The bookkeeper has embezzled \$50,000.	B. An important customer declares bankruptcy.	C. A stock market investment shows a 25 loss.	D. A customer's shipment was damaged in an accident.

60. Which of the following is a category of selling policies employees are expected to follow:	A. Operating	B. Service	C. Inventory	D. Positioning
61. Is it possible for buying motives to change?	A. No; buying motives stay the same.	B. No; buying motives are permanent.	C. Yes; businesses can change customers' motives.	D. Yes; circumstances can change customers' motives.
62. When a customer asks for a specific product, the salesperson should show	A. a more expensive product first.	B. the requested product and some others.	C. the requested product immediately.	D. a comparable advertised product.
63. When merchandise is unique or in limited supply, the most effective sales close is the _____ close.	A. choice	B. contingent	C. standing-room-only	D. related merchandise
64. When prospecting, salespeople must first identify potential customers and then	A. qualify their leads.	B. call on all prospects.	C. telephone each lead.	D. construct a prospect list.
65. In receiving a shipment of incoming goods, a receiving worker should compare the delivery receipt with the	A. apron.	B. bill of lading.	C. purchase order.	D. packing slip.
66. A system of recordkeeping that shows a business what goods are on hand, items that are on order and their value, and what customers have purchased is called a(n) _____ system.	A. spot check	B. inventory control	C. materials inventory	D. stockkeeping
67. Which of the following is not an example of internal theft that causes inventory shrinkage:	A. A cashier undercharges a relative.	B. A dock worker gives a case of food to a friend.	C. The manager takes home some towels.	D. A customer leaves with a magazine hidden under his/her coat.
68. A group of businesspeople purchased land to build an office complex or a condominium development. After much research and discussion, they agreed to build the office complex. The alternative that was given up is referred to as a(n)	A. decision-making factor	B. opportunity cost.	C. economic activity.	D. trade-off.
69. Market-clearing price can best be defined as the	A. amount of satisfaction a product provides a consumer.	B. amount the seller must earn in order to make a profit.	C. price at which an item regularly sells in the competitive marketplace.	D. price at which customers will buy the same amount that producers supply.
70. Which of the following is a way that the productivity of an individual worker can be measured:	A. By dividing the dollar totals of sales by the costs of making those sales	B. By dividing the dollar totals of sales by the number of salespeople who made the total sales	C. By dividing the number of customers served in a day by the number of hours the employee worked	D. By dividing the total number of products produced by the number of steps involved in producing them
71. As a management trainee in a large business, Jim spends three (3) weeks working in each of the various departments. This is an example of job	A. rotation.	B. orientation.	C. enrichment.	D. interdependency.
72. Learning a client's name and using it when greeting the client is a technique that promotes positive _____ relations.	A. management	B. employer	C. customer	D. employee
73. A person who stands up for his/her own rights and shows respect for the rights of others is described as	A. assertive.	B. aggressive.	C. passive.	D. dictatorial.
74. In helping disagreeable customers, it is best to	A. compliment and praise them.	B. try to talk louder than they.	C. serve them promptly.	D. press them for a decision.

75. What type of sales forecasting method is based on the results of gathering and analyzing all kinds of numerical market data?	A. Qualitative	B. Quantitative	C. Intermediate forecasting	D. Long-term forecasting
76. A business carries four (4) sizes of a product: 12 ounces for \$1.44; 24 ounces for \$2.64; 16 ounces for \$1.92; 6 ounces for \$.69. Which size is least expensive per ounce?	A. 12 ounces for \$1.44	B. 24 ounces for \$2.64	C. 16 ounces for \$1.92	D. 6 ounces for \$.69
77. Curt purchased golf clubs for \$299.00, a golf glove for \$10.00, and a package of golf balls for \$5.00. Given a tax rate of 6, what is the amount of tax due on his purchase?	A. \$18.84	B. \$27.54	C. \$14.48	D. \$17.94
78. A business had gross sales of \$1,185 during the month. Three (3) returns valued at \$11 each were made and one (1) \$20 reduction. Net sales for the month were	A. \$1,132.	B. \$1,154	C. \$1,194	D. \$1,238
79. The use of economic resources for the purpose of creating goods or services is called	A. exchange.	B. consumption.	C. production.	D. entrepreneurship.
80. Setting goals for the business, guiding the activities of the business, and keeping the business moving toward its goals are part of the role of	A. managers.	B. employees.	C. consultants.	D. supervisors.
81. Businesses that make large quantities of products that are in high demand often use the _____ production process.	A. unit	B. continuous	C. batch	D. intermittent
82. Which of the following categories of information are found on a balance sheet:	A. Revenues, expenses, profit	B. Income, expenditures, profit	C. Assets, liabilities, margin	D. Assets, liabilities, net worth
83. The form of business ownership in which two or more owners are liable for all debts or losses of the business is a	A. corporation.	B. limited partnership.	C. sole proprietorship.	D. general partnership.
84. Which of the following is an example of a consumer market:	A. Schools buying chairs for students	B. Companies buying equipment for a machine shop	C. Workers buying lunch at a local restaurant	D. Business owners buying equipment for their shops
85. Operating expenses are classified as _____ expenses.	A. fixed and variable	B. extra and unpredictable	C. unnecessary	D. direct
86. A business repairs equipment when it breaks down rather than on a planned basis. A disadvantage of this practice is that	A. productive time may be lost.	B. equipment is replaced less often.	C. an inspection schedule must be followed.	D. the number of inventory parts is decreased.
87. Determining the point at which the buyer and the seller perceive optimum value for a good or service is known as	A. profit.	B. selling.	C. pricing.	D. production.
88. Which step in the new-product development process involves seeking feedback from consumers in order to know what response they would give to a proposed product?	A. Product screening	B. Idea generation	C. Feasibility analysis	D. Concept testing
89. The difference between hard news and soft news is that hard news	A. can be announced at any time.	B. is more serious than soft news.	C. should be announced right away.	D. is more newsworthy than soft news.
90. Obtaining a line of goods for resale is one of the purposes of	A. purchasing.	B. selling.	C. controlling.	D. organizing.

91. The buying policies of a business should be consistent with the _____ of the business.	A. image	B. size	C. location	D. condition
92. An important reason for a business to arrange a delivery schedule with suppliers is to	A. negotiate a favorable discount rate.	B. control the amount delivered at any one time.	C. reduce probability that goods will be damaged.	D. make delivery convenient for the supplier.
93. Any situation that has the potential to cause bodily harm to employees is called a(n)	A. business risk.	B. safety hazard.	C. red alert.	D. emergency.
94. Which of the following factors affects a customer's time decision:	A. Need for more information	B. Store loyalty	C. Warranty terms	D. Availability of customer services
95. Questions that salespeople ask customers should be	A. short, direct, and personal.	B. short, direct, and impersonal.	C. long, detailed, and impersonal.	D. long, detailed, and personal.
96. What method is perhaps the poorest way to handle objections because of its potential to offend the customer?	A. Denial	B. Toss-it-back	C. Inquiry	D. Point-counterpoint
97. What closing technique is being used in the following situation: "To show our appreciation during this sale, you may have your choice of a smoke detector or a fire extinguisher as a free gift."	A. Bonus close	B. Related product close	C. Summary close	D. Suggesting ownership close
98. Which of the following provides facts about operating procedures, care and maintenance, and use of products:	A. Grades	B. Seals of approval	C. Descriptive labels	D. Informative labels
99. Businesses often advertise the services and terms that they offer in an effort to	A. comply with federal law.	B. give customers free merchandise.	C. be the same as their competitors.	D. attract customers away from competitors.
100. Which of the following is a selling activity for which an activity quota can be set:	A. Selling a specific number of products	B. Selling a specific dollar amount of goods	C. Making cold calls to locate prospects	D. Keeping travel expenses under budget