

## MIDTERM

### SAMPLE SHORT AND VERY SHORT ANSWERS

Part II: Short answer. Using the space provided on the exam, **please answer FIVE** of the following six questions. If you answer all six, only the first five answers will be counted. 5\*10points each=50 points.

1. What does the author of *Contagious* suggest about the GEICO “caveman” ads? Why?

Although many people found the ads entertaining, since one does not encounter cavemen in everyday life, there was little opportunity for the ad to be triggered.

2. A crime syndicate has completed a hostile takeover of Dorothy’s Delicious Doughnuts, Inc., in order to demoralize law enforcement personnel. Based on our conceptualization of price as a ratio, what are some ways in which they can increase the price of this product?

The crime syndicate can:

- Increase the “sticker price”
- Provide a lower amount of merchandise (e.g., smaller doughnuts or a smaller number of doughnuts in a box)
- Lower quality by using lower quality and cheaper ingredients
- Change terms (e.g., extra charge for a box, no quantity discounts)

3. As a product category moves from the *growth* to the *maturity* phase of the Product Life Cycle (PLC), what are some likely changes that will be experienced?

- Product category awareness will generally be high (unless a specialty product is involved)
- Growth in sales of the product category will go down, with a possible leveling off
- Competition—both in terms of price and product quality—will tend to increase significantly
- There will be less opportunity to invest in growth (e.g., building new manufacturing capacity) since any increase in sales would have to come at the expense of a competitor, thus inviting greater price competition

4. According to the author of *Contagious*, what was found in the study looking at the impact of briefly jogging in place on information sharing? What appears to cause this result?

Jogging in place significantly increased the sharing of articles, most likely because the arousal experienced from the activity signaled greater significance of the article.

5. Within the context of distribution, how do intermediaries address the discrepancy of *assortment*?

One of the functions that intermediaries such as retailers and wholesalers perform is bringing together products from a large number of manufacturers, allowing customers to show for a large number of different products – a broad assortment – in one place.

6. Within the context of brand extensions, what is *congruence*, and what is its significance?

Congruence refers to the extent to which the new product category subjectively “makes sense” to customers as an extension of the original brand. For example, iPhones and iPads are likely to be seen as congruent with the Apple Brand, but Apple Furniture – although the company is known for elegance in design – may not. If a large proportion of potential customers do not see an extension as congruent, that will greatly reduce the sales potential in the extended category.

Part III: Very short answer. These questions can usually be answered in one or two sentences. Using the space provided on the exam, **please answer THREE** of the following four questions. If you answer all four, only the first three answers will be counted. 3\*5 points each=15 points.

1. According to the text, what is the purpose of break-even analysis?

Break-even analysis determines the minimum quantity of a new product that must be sold at a specified price before all fixed and variable expenses are covered, thus providing no loss on the production. This is helpful in assessing the risk involved in introduced a potential new product.

2. What does the author of *Contagious* suggest concerning the anti-smoking ad spoofing the Marlboro Man?

In running a spoof on the Marlboro Man ads in which one cowboy tells another that he has emphysema, the original Marlboro Man is “poisoned” in the sense that seeing it will trigger the anti-smoking message.

3. According to the author of *Contagious*, what did the Budweiser “Wassup?” do?

Because of exposure to the Budweiser ad, when this common greeting was heard, Budweiser would be triggered among many consumers.

4. According to the text, what is the rationale behind Mondelez’s sponsorship choices?

Mondelez chose to focus on sponsoring soccer, since this was the sport of greatest involvement among children and teenagers. However, since TV viewership of this sport was declining, much of the emphasis was on reach through social media.