Test Information Guide: College-Level Examination Program®

2015-16

Principles of Marketing



## CLEP TEST INFORMATION GUIDE FOR PRINCIPLES OF MARKETING

## **History of CLEP**

Since 1967, the College-Level Examination Program (CLEP®) has provided over six million people with the opportunity to reach their educational goals. CLEP participants have received college credit for knowledge and expertise they have gained through prior course work, independent study or work and life experience.

Over the years, the CLEP examinations have evolved to keep pace with changing curricula and pedagogy. Typically, the examinations represent material taught in introductory college-level courses from all areas of the college curriculum. Students may choose from 33 different subject areas in which to demonstrate their mastery of college-level material.

Today, more than 2,900 colleges and universities recognize and grant credit for CLEP.

## Philosophy of CLEP

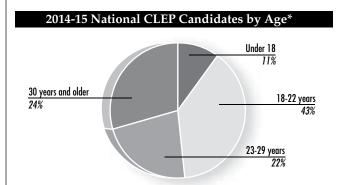
Promoting access to higher education is CLEP's foundation. CLEP offers students an opportunity to demonstrate and receive validation of their college-level skills and knowledge. Students who achieve an appropriate score on a CLEP exam can enrich their college experience with higher-level courses in their major field of study, expand their horizons by taking a wider array of electives and avoid repetition of material that they already know.

# **CLEP Participants**

CLEP's test-taking population includes people of all ages and walks of life. Traditional 18- to 22-year-old students, adults just entering or returning to school, high-school students, home-schoolers and international students who need to quantify their knowledge have all been assisted by CLEP in earning their college degrees. Currently, 59 percent of CLEP's National (civilian) test-takers are women and 46 percent are 23 years of age or older.

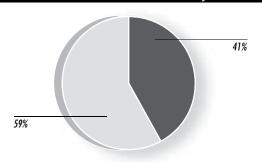
For over 30 years, the College Board has worked to provide government-funded credit-by-exam opportunities to the military through CLEP. Military service members are fully funded for their CLEP exam fees. Exams are administered at military installations

worldwide through computer-based testing programs. Approximately one-third of all CLEP candidates are military service members.



\* These data are based on 100% of CLEP test-takers who responded to this survey question during their examinations.

#### 2014-15 National CLEP Candidates by Gender



# **Computer-Based CLEP Testing**

The computer-based format of CLEP exams allows for a number of key features. These include:

- a variety of question formats that ensure effective assessment
- real-time score reporting that gives students and colleges the ability to make immediate creditgranting decisions (except College Composition, which requires faculty scoring of essays twice a month)
- a uniform recommended credit-granting score of 50 for all exams
- "rights-only" scoring, which awards one point per correct answer
- pretest questions that are not scored but provide current candidate population data and allow for rapid expansion of question pools

## **CLEP Exam Development**

Content development for each of the CLEP exams is directed by a test development committee. Each committee is composed of faculty from a wide variety of institutions who are currently teaching the relevant college undergraduate courses. The committee members establish the test specifications based on feedback from a national curriculum survey; recommend credit-granting scores and standards; develop and select test questions; review statistical data and prepare descriptive material for use by faculty (*Test Information Guides*) and students planning to take the tests (*CLEP Official Study Guide*).

College faculty also participate in CLEP in other ways: they convene periodically as part of standard-setting panels to determine the recommended level of student competency for the granting of college credit; they are called upon to write exam questions and to review exam forms; and they help to ensure the continuing relevance of the CLEP examinations through the curriculum surveys.

## The Curriculum Survey

The first step in the construction of a CLEP exam is a curriculum survey. Its main purpose is to obtain information needed to develop test-content specifications that reflect the current college curriculum and to recognize anticipated changes in the field. The surveys of college faculty are conducted in each subject every few years depending on the discipline. Specifically, the survey gathers information on:

- the major content and skill areas covered in the equivalent course and the proportion of the course devoted to each area
- specific topics taught and the emphasis given to each topic
- specific skills students are expected to acquire and the relative emphasis given to them
- recent and anticipated changes in course content, skills and topics
- the primary textbooks and supplementary learning resources used
- titles and lengths of college courses that correspond to the CLEP exam

#### The Committee

The College Board appoints standing committees of college faculty for each test title in the CLEP battery. Committee members usually serve a term of up to four years. Each committee works with content specialists at Educational Testing Service to establish test specifications and develop the tests. Listed below are the current committee members and their institutional affiliations.

Fred L. Miller, Murray State University

Chair

Janice M. Karlen City University of New York

La Guardia

DeAnna Kemp Middle Tennessee State

University

The primary objective of the committee is to produce tests with good content validity. CLEP tests must be rigorous and relevant to the discipline and the appropriate courses. While the consensus of the committee members is that this test has high content validity for a typical introductory Principles of Marketing course or curriculum, the validity of the content for a specific course or curriculum is best determined locally through careful review and comparison of test content, with instructional content covered in a particular course or curriculum.

# The Committee Meeting

The exam is developed from a pool of questions written by committee members and outside question writers. All questions that will be scored on a CLEP exam have been pretested; those that pass a rigorous statistical analysis for content relevance, difficulty, fairness and correlation with assessment criteria are added to the pool. These questions are compiled by test development specialists according to the test specifications, and are presented to all the committee members for a final review. Before convening at a two- or three-day committee meeting, the members have a chance to review the test specifications and the pool of questions available for possible inclusion in the exam.

At the meeting, the committee determines whether the questions are appropriate for the test and, if not, whether they need to be reworked and pretested again to ensure that they are accurate and unambiguous. Finally, draft forms of the exam are reviewed to ensure comparable levels of difficulty and content specifications on the various test forms. The committee is also responsible for writing and developing pretest questions. These questions are administered to candidates who take the examination and provide valuable statistical feedback on student performance under operational conditions.

Once the questions are developed and pretested, tests are assembled in one of two ways. In some cases, test forms are assembled in their entirety. These forms are of comparable difficulty and are therefore interchangeable. More commonly, questions are assembled into smaller, content-specific units called testlets, which can then be combined in different ways to create multiple test forms. This method allows many different forms to be assembled from a pool of questions.

## **Test Specifications**

Test content specifications are determined primarily through the curriculum survey, the expertise of the committee and test development specialists, the recommendations of appropriate councils and conferences, textbook reviews and other appropriate sources of information. Content specifications take into account:

- the purpose of the test
- the intended test-taker population
- the titles and descriptions of courses the test is designed to reflect
- the specific subject matter and abilities to be tested
- the length of the test, types of questions and instructions to be used

# Recommendation of the American Council on Education (ACE)

The American Council on Education's College Credit Recommendation Service (ACE CREDIT) has evaluated CLEP processes and procedures for developing, administering and scoring the exams. Effective July 2001, ACE recommended a uniform credit-granting score of 50 across all subjects (with additional Level-2 recommendations for the world language examinations), representing the performance of students who earn a grade of C in the corresponding course. Every test title has a minimum score of 20, a maximum score of 80 and a cut score of **50**. However, these score values cannot be compared across exams. The score scale is set so that a score of **50** represents the performance expected of a typical C student, which may differ from one subject to another. The score scale is not based on actual performance of test-takers. It is derived from the judgment of a panel of experts (college faculty who teach the course) who provide information on the level of student performance that would be necessary to receive college credit in the course.

Over the years, the CLEP examinations have been adapted to adjust to changes in curricula and pedagogy. As academic disciplines evolve, college faculty incorporate new methods and theory into their courses. CLEP examinations are revised to reflect those changes so the examinations continue to meet the needs of colleges and students. The CLEP program's most recent ACE CREDIT review was held in June 2015.

The American Council on Education, the major coordinating body for all the nation's higher education institutions, seeks to provide leadership and a unifying voice on key higher education issues and to influence public policy through advocacy, research and program initiatives. For more information, visit the ACE CREDIT website at www.acenet.edu/acecredit.

## **CLEP Credit Granting**

CLEP uses a common recommended credit-granting score of 50 for all CLEP exams.

This common credit-granting score does not mean, however, that the standards for all CLEP exams are the same. When a new or revised version of a test is introduced, the program conducts a standard setting to determine the recommended credit-granting score ("cut score").

A standard-setting panel, consisting of 15–20 faculty members from colleges and universities across the country who are currently teaching the course, is appointed to give its expert judgment on the level of student performance that would be necessary to receive college credit in the course. The panel reviews the test and test specifications and defines

the capabilities of the typical A student, as well as those of the typical B, C and D students.\* Expected individual student performance is rated by each panelist on each question. The combined average of the ratings is used to determine a recommended number of examination questions that must be answered correctly to mirror classroom performance of typical B and C students in the related course. The panel's findings are given to members of the test development committee who, with the help of Educational Testing Service and College Board psychometric specialists, make a final determination on which raw scores are equivalent to B and C levels of performance.

<sup>\*</sup>Student performance for the language exams (French, German and Spanish) is defined only at the B and C levels.

# **Principles of Marketing**

### **Description of the Examination**

The Principles of Marketing examination covers material that is usually taught in one-semester introductory courses in marketing. Candidates are expected to have a basic knowledge of trends that are important to marketing. Such a course is usually known as Basic Marketing, Introduction to Marketing, Fundamentals of Marketing, Marketing or Marketing Principles. The exam is concerned with the role of marketing in society and within a firm, understanding consumer and organizational markets, marketing strategy planning, the marketing mix, marketing institutions, and other selected topics, such as international marketing, ethics, marketing research, services and not-for-profit marketing. The candidate is also expected to have a basic knowledge of the economic/demographic, social/cultural, political/legal and technological trends that are important to marketing.

The examination contains approximately 100 questions to be answered in 90 minutes. Some of these are pretest questions that will not be scored. Any time candidates spend on tutorials and providing personal information is in addition to the actual testing time.

## **Knowledge and Skills Required**

The subject matter of the Principles of Marketing examination is drawn from the following topics in the approximate proportions indicated. The percentages next to the main topics indicate the approximate percentage of exam questions on that topic.

#### 8%–13% Role of Marketing in Society

Ethics Nonprofit marketing International marketing

#### 17%–24% Role of Marketing in a Firm

Marketing concept Marketing strategy Marketing environment Marketing decision system

- Marketing research
- Marketing information system

#### 22%-27% Target Marketing

Consumer behavior
Segmentation
Positioning
Business-to-business markets

#### 40%-50% Marketing Mix

Product and service management
Branding
Pricing policies
Distribution channels and logistics
Integrated marketing
communications/Promotion
Marketing application in e-commerce

### **Sample Test Questions**

The following sample questions do not appear on an actual CLEP examination. They are intended to give potential test-takers an indication of the format and difficulty level of the examination and to provide content for practice and review. Knowing the correct answers to all of the sample questions is not a guarantee of satisfactory performance on the exam.

**Directions:** Each of the questions or incomplete statements below is followed by five suggested answers or completions. Select the one that is best in each case.

- 1. A manufacturer of car batteries, who has been selling through an automotive parts wholesaler to garages and service stations, decides to sell directly to retailers. Which of the following will necessarily occur?
  - (A) Elimination of the wholesaler's profit will result in a lower price to the ultimate consumer.
  - (B) Elimination of the wholesaler's marketing functions will increase efficiency.
  - (C) The total cost of distribution will be reduced because of the elimination of the wholesaler.
  - (D) The marketing functions performed by the wholesaler will be eliminated.
  - (E) The wholesaler's marketing functions will be shifted to or shared by the manufacturer and the retailer.
- 2. Which of the following strategies for entering the international market would involve the highest risk?
  - (A) Joint ventures
  - (B) Exporting
  - (C) Licensing
  - (D) Direct investment
  - (E) Franchising

- 3. For a United States manufacturer of major consumer appliances, the most important leading indicator for forecasting sales is
  - (A) automobile sales
  - (B) computer sales
  - (C) educational level of consumers
  - (D) housing starts
  - (E) number of business failures
- 4. Which of the following statements about the European Union is true?
  - (A) The EU creates a single Pan-European government.
  - (B) The EU eliminates trade barriers among member countries.
  - (C) The EU is considered the United States of Europe, with its capital in Brussels.
  - (D) The EU removes all internal and external trade barriers to global trade.
  - (E) The EU minimizes inflation through price controls.
- 5. In contrast to a selling orientation, a marketing orientation seeks to
  - (A) increase market share by emphasizing promotion
  - (B) increase sales volume by lowering price
  - (C) lower the cost of distribution by direct marketing
  - (D) satisfy the needs of targeted consumers at a profit
  - (E) market products that make efficient use of the firm's resources
- 6. All of the following are characteristics of services EXCEPT
  - (A) intangibility
  - (B) heterogeneity
  - (C) inseparability
  - (D) perishability
  - (E) inflexibility

- 7. A fertilizer manufacturer who traditionally markets to farmers through farm supply dealers and cooperatives decides to sell current products to home gardeners through lawn and garden shops. This decision is an example of
  - (A) market penetration
  - (B) market development
  - (C) product development
  - (D) diversification
  - (E) vertical integration
- 8. A manufacturer who refuses to sell to dealers its popular line of office copiers unless the dealers also agree to stock the manufacturer's line of paper products would most likely be guilty of which of the following?
  - (A) Deceptive advertising
  - (B) Price discrimination
  - (C) Price fixing
  - (D) Reciprocity
  - (E) Tying contracts
- 9. Which of the following is an intermediary in the distribution channel that moves goods without taking title to them?
  - (A) Agent
  - (B) Wholesaler
  - (C) Merchant
  - (D) Retailer
  - (E) Dispenser

- 10. In which of the following situations is the number of buying influences most likely to be greatest?
  - (A) A university buys large quantities of paper for computer printers on a regular basis.
  - (B) A computer manufacturer is building a new headquarters and is trying to choose a line of office furniture.
  - (C) A consumer decides to buy a different brand of potato chips because they are on sale.
  - (D) A retail chain is searching for a vendor of lower-priced cleaning supplies.
  - (E) A purchasing manager has been asked to locate a second source of supply for corrugated shipping cartons.
- 11. Which of the following best describes the process of selecting target markets in order to formulate a marketing mix?
  - (A) Strategic planning
  - (B) Product differentiation
  - (C) Market segmentation
  - (D) Marketing audit
  - (E) SWOT analysis
- 12. Cooperative advertising is usually undertaken by manufacturers in order to
  - (A) secure the help of the retailer in promoting a given product
  - (B) divide responsibilities between the retailers and wholesalers within a channel of distribution
  - (C) satisfy legal requirements
  - (D) create a favorable image of a particular industry in the minds of consumers
  - (E) provide a subsidy for smaller retailers that enables them to match the prices set by chain stores

- 13. A marketer usually offers a noncumulative quantity discount in order to
  - (A) reward customers for repeat purchases
  - (B) reduce advertising expenses
  - (C) encourage users to purchase in large quantities
  - (D) encourage buyers to submit payment promptly
  - (E) ensure the prompt movement of goods through the channel of distribution
- 14. Which of the following statements about secondary data is correct?
  - (A) Secondary data are usually more expensive to obtain than primary data.
  - (B) Secondary data are usually available in a shorter period of time than primary data.
  - (C) Secondary data are usually more relevant to a research objective than are primary data.
  - (D) Secondary data must be collected outside the firm to maintain objectivity.
  - (E) Previously collected data are not secondary data.
- 15. Missionary salespersons are most likely to do which of the following?
  - (A) Sell cosmetics directly to consumers in their own homes
  - (B) Take orders for air conditioners to be used in a large institution
  - (C) Describe drugs and other medical supplies to physicians
  - (D) Secure government approval to sell heavy machinery to a foreign government
  - (E) Take orders for custom-tailored garments or other specially produced items

- 16. The demand for industrial goods is sometimes called "derived" because it depends on
  - (A) economic conditions
  - (B) demand for consumer goods
  - (C) governmental activity
  - (D) availability of labor and materials
  - (E) the desire to make a profit
- 17. Behavioral research generally indicates that consumers' attitudes
  - (A) do not change very easily or quickly
  - (B) are very easy to change through promotion
  - (C) cannot ever be changed
  - (D) can only be developed through actual experience with products
  - (E) are very accurate predictors of actual purchasing behavior
- 18. A channel of distribution refers to the
  - (A) routing of goods through distribution centers
  - (B) sequence of marketing intermediaries from producer to consumer
  - (C) methods of transporting goods from producer to consumer
  - (D) suppliers who perform a variety of functions
  - (E) traditional handlers of a product line
- 19. A major advantage of distributing products by truck is
  - (A) low cost relative to rail or water
  - (B) low probability of loss or damage to cargo
  - (C) accessibility to pick-up and delivery locations
  - (D) speed relative to rail or air
  - (E) ability to handle a wider variety of products than other means

- 20. If a firm is using penetration pricing, the firm is most likely trying to achieve which of the following pricing objectives?
  - (A) Product quality leadership
  - (B) Market-share maximization
  - (C) High gross margin
  - (D) Status quo
  - (E) Geographic flexibility
- 21. If a company decides to allocate more resources to personal selling and sales promotion by its resellers, which of the following strategies is it using?
  - (A) Pull strategy
  - (B) Push strategy
  - (C) Direct selling strategy
  - (D) Indirect selling strategy
  - (E) Integrated marketing communication
- 22. Marketing strategy planning includes
  - (A) supervising the activities of the firm's sales force
  - (B) determining the most efficient way to manufacture products
  - (C) selecting a target market and developing the marketing mix
  - (D) determining the reach and frequency of advertising
  - (E) monitoring sales in response to a price change
- 23. A brand that has achieved brand insistence and is considered a specialty good by the target market suggests which of the following distribution objectives?
  - (A) Widespread distribution near probable points of use
  - (B) Exclusive distribution
  - (C) Intensive distribution
  - (D) Enough exposure to facilitate price comparison
  - (E) Widespread distribution at low cost

- 24. Market segmentation that is concerned with people over 65 years of age is called
  - (A) geographic
  - (B) socioeconomic
  - (C) demographic
  - (D) psychographic
  - (E) behavioral
- 25. The XYZ Corporation has two chains of restaurants. One restaurant specializes in family dining with affordable meals. The second restaurant targets young, single individuals, and offers a full bar and small servings. The XYZ Corporation uses which form of targeted marketing strategy?
  - (A) Mass marketing
  - (B) Differentiated marketing
  - (C) Undifferentiated marketing
  - (D) Customized marketing
  - (E) Concentrated marketing
- 26. The marketing director of a manufacturing company says, "If my wholesaler exceeds the sales record from last month, I agree to give him a paid trip to the Bahamas." This technique is a form of
  - (A) sales promotion
  - (B) advertising
  - (C) personal selling
  - (D) direct marketing
  - (E) public relations
- 27. Using a combination of different modes of transportation to move freight in order to exploit the best features of each mode is called
  - (A) conventional distribution
  - (B) developing dual distribution
  - (C) selective distribution
  - (D) intermodal transportation
  - (E) freight forwarding

- 28. Which of the following is a major disadvantage associated with the use of dual distribution?
  - (A) It is usually very expensive.
  - (B) It can cause channel conflict.
  - (C) It provides limited market coverage.
  - (D) It is only appropriate for corporate channels.
  - (E) Some distribution channel functions are not completed.
- 29. The estimated market value of a brand is best described as brand
  - (A) equity
  - (B) benefit
  - (C) worth
  - (D) merit
  - (E) return on investment
- 30. Which of the following would be considered a nonprofit organization?
  - (A) A homeless shelter that charges a fee for its services and uses the proceeds for the upkeep of the shelter
  - (B) A drug rehabilitation center in which revenues in excess of cost go to the owners
  - (C) A vaccination clinic owned by an individual entrepreneur
  - (D) A bookstore open to the public for business
  - (E) A hospital that has a publicly traded common stock
- 31. Which of the following approaches for entering international markets involves granting the rights to a patent, trademark, or manufacturing process to a foreign company?
  - (A) Exporting
  - (B) Franchising
  - (C) Licensing
  - (D) Joint venturing
  - (E) Contract manufacturing

- 32. Reference groups are more likely to influence a consumer's purchase when the product being purchased is
  - (A) important
  - (B) inexpensive
  - (C) familiar
  - (D) intangible
  - (E) socially visible
- 33. Which of the following is true of the product life cycle?
  - (A) It can accurately forecast the growth of new products.
  - (B) It reveals that branded products have the longest growth phase.
  - (C) It cannot be applied to computer products that quickly become obsolete.
  - (D) It is based on the assumption that products go through distinct stages in sales and profit performance.
  - (E) It proves that profitability is highest in the mature phase.
- 34. The primary purpose of market segmentation is to
  - (A) combine different groups to meet their needs
  - (B) create sales territories of similar size and market potential to determine sales quotas
  - (C) reduce market demand to a manageable size
  - (D) profile the market as a whole to optimize marketing efforts
  - (E) allocate marketing resources to meet the needs of specific segments

- 35. A marketing expert said that he could have advertised a brand of soap as a detergent bar for men with dirty hands, but instead chose to advertise it as a moisturizing bar for women with dry skin. This illustrates the marketing principle known as
  - (A) product positioning
  - (B) sales promotion
  - (C) cannibalization
  - (D) deceptive advertising
  - (E) undifferentiated marketing
- 36. The process of identifying people or companies who may have a need for a salesperson's product is known as
  - (A) cold calling
  - (B) presenting
  - (C) approaching
  - (D) prospecting
  - (E) targeting
- 37. Which of the following is a primary disadvantage of direct marketing?
  - (A) It is difficult to measure response.
  - (B) It is not personal.
  - (C) It is poorly targeted.
  - (D) It tends to have high costs per contact.
  - (E) It has a fragmented audience.
- 38. A formal statement of standards that governs professional conduct is called a
  - (A) customer bill of rights
  - (B) business mission statement
  - (C) corporate culture
  - (D) code of ethics
  - (E) caveat emptor

- 39. Maxine suddenly realizes that she is out of paper towels. She remembers that she last bought Max Dri Towels, so she stops at the store and picks up another roll of Max Dri on her way home from work. In this example, Maxine uses what form of information search in her decision process?
  - (A) Limited problem solving
  - (B) Extended problem solving
  - (C) Internal information search
  - (D) Compensatory information search
  - (E) Information search by personal sources
- 40. The ability to tailor marketing processes to fit the specific needs of an individual customer is called
  - (A) customization
  - (B) community building
  - (C) standardization
  - (D) mediation
  - (E) product differentiation
- 41. Which of the following is true of price skimming?
  - (A) It requires intermediaries to provide kickback payments.
  - (B) It calls for relatively high prices to start, reducing over time.
  - (C) It is reserved for products in the late stages of the product life cycle.
  - (D) It works best in situations with highly elastic demand.
  - (E) It is illegal in most jurisdictions in the United States.
- 42. ABC Company agrees to pay a certain amount of a retailer's promotional costs for advertising ABC's products. This is an example of
  - (A) cooperative advertising
  - (B) reminder advertising
  - (C) comparison advertising
  - (D) slotting allowance
  - (E) a premium

- 43. To save time and money, a marketing research team uses data that have already been gathered for some other purpose. Which type of data is the team using?
  - (A) Sample
  - (B) Primary
  - (C) Secondary
  - (D) Survey
  - (E) Experiment
- 44. Positioning refers to
  - (A) the perception of a product in customers' minds
  - (B) the store location in which a marketing manager suggests a product be displayed
  - (C) where the product is placed on the shelf
  - (D) which stores will distribute a company's product
  - (E) where the new product is first advertised
- 45. Which of the following best describes members of a buying center?
  - (A) Everyone involved in making the purchase decision
  - (B) Everyone involved in signing contracts
  - (C) Everyone employed in the purchasing department
  - (D) Direct reports of the vice president of purchasing
  - (E) Technical experts who advise on product specifications

- 46. Which of the following most accurately describes agent wholesalers?
  - (A) They take title to goods that they sell to other intermediaries.
  - (B) They do not take title to goods that they sell to other intermediaries.
  - (C) They take title to goods that they sell to final consumers.
  - (D) They do not take title to the goods that they sell on commission to final consumers.
  - (E) They manufacture the goods that they sell to final consumers.
- 47. Which of the following are key characteristics of services?
  - (A) Cost, time, quality, and value
  - (B) Uncertainty, variability, and standardization
  - (C) Intangibility, durability, and standardization
  - (D) Intangibility, perishability, and variability
  - (E) Tangibility, variability, and uncertainty
- 48. The growth of service industries is primarily the result of
  - (A) increasingly complex and specialized customer needs
  - (B) a rise in income and the degree of customer input
  - (C) rapid growth of population and government tracking systems
  - (D) increased use of labor-intensive technology
  - (E) decreasing demand for equipment-based services
- 49. Which of the following is the fastest growing nonstore retail segment in the United States?
  - (A) Television home shopping
  - (B) Automatic vending
  - (C) Online retailing
  - (D) Catalog marketing
  - (E) Direct-response marketing

- 50. While writing a marketing plan, Melanie decides that the marketing objective should be "to increase market share by 5 percent." A weakness in this objective is that
  - (A) it is not measurable
  - (B) it should be related to brand image rather than market share
  - (C) it does not specify a time period
  - (D) if the product is an industrial product, the objective should specify product quality
  - (E) it does not address all elements of the business plan
- 51. Which of the following is the first step in the sales process?
  - (A) Prospecting
  - (B) Sales presentation
  - (C) Gaining commitment
  - (D) Approach
  - (E) Precall planning
- 52. Which of the following is an example of business-to-business buying?
  - (A) John buys a new home stereo.
  - (B) Hannah pays for a new television by monthly installment.
  - (C) Daniel decides on which college to attend.
  - (D) Avery purchases a new office desk for his company.
  - (E) Corey buys a soft drink from a vending machine.
- 53. President John F. Kennedy's assertion that consumers have certain rights led to legislation that guaranteed all of the following EXCEPT the right to
  - (A) be informed
  - (B) be heard
  - (C) choose
  - (D) bargain
  - (E) safety

- 54. Harmony Households is the largest home improvement retailer in China. Because of its size and market power, the firm can insist upon desired product features, delivery schedules, and price points from its suppliers. Harmony Households is
  - (A) a primary intermediary
  - (B) an agent retailer
  - (C) a multilevel distributor
  - (D) a channel captain
  - (E) a dominant distributor
- 55. Which of the following is NOT a segmentation criterion or consideration used for choosing a target market?
  - (A) Market accountability
  - (B) Market identifiability and measurability
  - (C) Market substantiality
  - (D) Market accessibility
  - (E) Market responsiveness
- 56. Rachel Terry, regional manager at Wilcon Solvents, Inc., compares last quarter's sales with the levels projected in the firm's marketing plan. She identifies three solvent brands whose sales are below projections and initiates a series of inquiries to discover the reasons for the shortfall. Ms. Terry is engaged in which stage of the strategic marketing process?
  - (A) Environmental scanning
  - (B) Opportunity analysis
  - (C) Planning
  - (D) Implementation
  - (E) Control

- 57. Richard Weiss, SA, is a Swiss watch manufacturer. One of its two major brands offers ruggedness, reliability and durability to active sports enthusiasts. The other offers elegance and stylishness to fashion conscious consumers. Which of the following segmentation approaches is this firm using?
  - (A) Demographic
  - (B) Geographic
  - (C) Usage
  - (D) Benefits sought
  - (E) Socioeconomic
- 58. Compared with agent intermediaries, merchant intermediaries
  - (A) sell only to organizational customers
  - (B) sell only in export markets
  - (C) are employees of the manufacturer
  - (D) are compensated by a commission on sales
  - (E) take title to the goods they sell
- 59. Gabriella's is an Italian producer of fashion jeans. In this highly competitive market, the firm wishes to match the advertising efforts of its competitors by achieving a share of voice (promotion) which is roughly equal to its share of market (sales). This approach to promotional budgeting is called
  - (A) all you can afford
  - (B) percent of sales
  - (C) allocation per unit
  - (D) competitive parity
  - (E) objective and task

- 60. On its e-commerce Web site, XYZMusic.com sells songs from new artists who produce their own music. The site also hosts ads from other e-businesses. The ads presented to a user depend on the type of music the user is reviewing. XYZMusic.com collects ad revenue when users follow links in the ads to the advertisers' Web sites. XYZMusic.com's advertising revenue is based on
  - (A) cost-per-thousand exposures
  - (B) click-through rates
  - (C) ad presentation rates
  - (D) unique site-visitor data
  - (E) site-traffic data
- 61. Which of the following organizations administers the GATT (General Agreement on Tariffs and Trade)?
  - (A) The United Nations
  - (B) The European Union
  - (C) The World Trade Organization
  - (D) The North American Free Trade Agreement
  - (E) The Securities and Exchange Commission
- 62. At the most basic level, products and services should be viewed as a collection of
  - (A) attributes
  - (B) expectations
  - (C) benefits
  - (D) features
  - (E) promises
- 63. The primary function of promotion is to
  - (A) sell products and services
  - (B) create awareness
  - (C) inform, persuade, and remind
  - (D) make a demand more elastic
  - (E) eliminate competition

- 64. A marketing strategy is composed of both
  - (A) a target market and market opportunities
  - (B) a target market and related marketing mix
  - (C) a target market and SWOT analysis
  - (D) a marketing mix and required resources
  - (E) a marketing mix and competition
- 65. Which of the following is NOT an advantage of Internet advertising as compared with traditional advertising?
  - (A) Target-market selectivity
  - (B) Tracking ability
  - (C) Exclusivity
  - (D) Deliverability
  - (E) Interactivity
- 66. Which of the following statements most accurately describes antidumping laws?
  - (A) They set the price that foreign producers must charge.
  - (B) They control the maximum price of imported products.
  - (C) They prevent foreign producers from competing on the basis of price.
  - (D) They prevent foreign-manufactured goods from selling at below cost.
  - (E) They protect consumers from cheaply manufactured foreign products.
- 67. In selling a new global logistics information system to a large client, the national account manager of a leading supply chain management vendor learns that client executives from marketing, production, human resources, finance, and business strategy will participate in the decision-making process. Which of the following terms best describes the scope of the buying initiative?
  - (A) Universal
  - (B) Specialized
  - (C) Standardized
  - (D) Cross-functional
  - (E) Decentralized

- 68. Which of the following lists the correct sequence of steps in the consumer decision-making process?
  - (A) Need recognition, evaluation, purchase decision, invoked set, postpurchase behavior
  - (B) Felt need, response to stimulus, evaluation of alternatives, postpurchase decision, purchase behavior
  - (C) Alternative invoked set, need recognition, purchase decision, postpurchase evaluation
  - (D) Information search, need positioning, evaluation of alternatives, product purchase decision, postpurchase satisfaction
  - (E) Need recognition, information search, evaluation of alternatives, purchase, postpurchase behavior
- 69. Consumers tend to be more satisfied with their purchase of a product when
  - (A) cognitive dissonance develops after the purchase
  - (B) the price of the product falls after the purchase
  - (C) they research the product before the purchase
  - (D) their opinions are inconsistent with their values
  - (E) there is no further contact with the seller
- 70. Which of the following is true of global marketing standardization?
  - (A) It occurs more frequently with consumer products than with industrial goods.
  - (B) It encourages individualized variation in the product, packaging, and pricing for each nation or local market.
  - (C) It addresses legal and cultural differences.
  - (D) It assumes that global consumers increasingly have similar needs.
  - (E) It reduces profit margins.

- 71. The three types of marketing research are
  - (A) explanatory, normative, and descriptive
  - (B) predictive, normative, and innovative
  - (C) interactive, diagnostic, and predictive
  - (D) proactive, interactive, and reactive
  - (E) exploratory, descriptive, and causal
- 72. A product is classified as a business product rather than a consumer product based on its
  - (A) tangible and intangible attributes
  - (B) life-cycle position
  - (C) promotion type
  - (D) pricing strategy
  - (E) intended use
- 73. Which one of the following changes would most likely motivate a firm to reposition a brand?
  - (A) Shifting demographics
  - (B) Stock market fluctuations
  - (C) An economic downturn
  - (D) Changes in available financial resources
  - (E) Rising sales
- 74. An advertisement for prospective applicants to a college shows individual students along with the slogan "I am getting ready to seize my destiny." The ad appeals to which need in Maslow's hierarchy?
  - (A) Physiological
  - (B) Esteem
  - (C) Social affiliation
  - (D) Self-actualization
  - (E) Safety

- 75. If two brands move closer to each other on a perceptual (positioning) map, it means that they have become
  - (A) less perceptually alike
  - (B) closer in price
  - (C) more objectively alike
  - (D) less likely to be direct competitors
  - (E) more similarly perceived by consumers
- 76. Lutèce Brands, Inc., acknowledges that its
  French pastries may contribute to health
  problems in some of its customers, but the
  company claims that the benefits (such as
  personal pleasure and taste) outweigh the risks.
  The company's approach to moral reasoning is
  best described as
  - (A) moral idealism
  - (B) utilitarianism
  - (C) categorical imperative
  - (D) enlightened self-interest
  - (E) situational ethics
- 77. Which of the following lists the correct order of the steps of the target marketing process?
  - (A) Segmentation, positioning, and targeting
  - (B) Targeting, segmentation, and positioning
  - (C) Positioning, targeting, and segmentation
  - (D) Segmentation, targeting, and positioning
  - (E) Positioning, segmentation, and targeting
- 78. Which of the following types of marketing communications tends to have the shortest-term focus and objectives?
  - (A) Brand advertising
  - (B) Public relations
  - (C) Sales promotion
  - (D) Event sponsorship
  - (E) Corporate advertising

**Directions:** Select a choice and click on the blank in which you want the choice to appear. Repeat until all of the blanks have been filled. A correct answer must have a different choice in each blank.

79. Place the four steps in the marketing research process in the correct order.

Determine the research design.
Define the problem.
Collect data.
Choose the data collection method.

**Directions:** Choose among the corresponding environments in the columns for each entry by clicking on your choice. When you click on a blank cell a check mark will appear. No credit is given unless the correct cell is marked for each entry.

80. For each of the following events, indicate which kind of environment it belongs to.

	Sociocultural Environment	Economic Environment	Technological Environment
The development of new production techniques			
The growing Latino population			
Rising mortgage rates			

### **Study Resources**

Most textbooks used in college-level principles of marketing courses cover the topics in the outline given earlier, but the approaches to certain topics and the emphases given to them may differ. To prepare for the Principles of Marketing exam, it is advisable to study one or more college textbooks, which can be found in most college bookstores. When selecting a textbook, check the table of contents against the knowledge and skills required for this test. Please note that textbooks are updated frequently; it is important to use the latest editions of the textbooks you choose. Most textbooks now have study guides, computer applications and case studies to accompany them. These learning aids could prove useful in the understanding and application of marketing concepts and principles.

You can broaden your understanding of marketing principles and their applications by keeping abreast of current developments in the field from articles in newspapers and news magazines as well as in business publications such as *The Wall Street Journal*, *Business Week*, *Harvard Business Review*, *Fortune*, *Ad Week* and *Advertising Age*. Journals found in most college libraries that will help you expand your knowledge of marketing principles include *Journal of Marketing*, *Marketing Today*, *Journal of the Academy of Marketing Sciences*, *American Demographics* and *Marketing Week*. Books of readings, such as *Annual Editions*— *Marketing*, also are sources of current thinking.

Visit clep.collegeboard.org/test-preparation for additional marketing resources. You can also find suggestions for exam preparation in Chapter IV of the *Official Study Guide*. In addition, many college faculty post their course materials on their schools' websites.

# **Answer Key**

1.	Е	28.	В	55.	A	
2.	D	29.	A	56.	Е	
3.	D	30.	A	57.	D	
4.	В	31.	C	58.	Е	
5.	D	32.	Е	59.	D	
6.	Е	33.	D	60.	В	
7.	В	34.	Е	61.	C	
8.	Ε	35.	A	62.	C	
9.	A	36.	D	63.	C	
10.	В	37.	D	64.	В	
11.	C	38.	D	65.	C	
12.	A	39.	C	66.	D	
13.	C	40.	A	67.	D	
14.	В	41.	В	68.	E	
15.	C	42.	A	69.	C	
16.	В	43.	C	70.	D	
17.	A	44.	A	71.	E	
18.	В	45.	A	72.	E	
19.	C	46.	В	73.	A	
20.	В	47.	D	74.	D	
21.	В	48.	A	75.	E	
22.	C	49.	C	76.	В	
23.	В	50.	C	77.	D	
24.	C	51.	A	78.	C	
25.	В	52.	D	79.	Sec	e below
26.	A	53.	D	80.	Sec	e below
27.	D	54.	D			

#### 79. Define the problem.

Determine the research design.
Choose the data collection method.
Collect data.

80.

	Sociocultural Environment	Economic Environment	Technological Environment
The development of new production techniques			V
The growing Latino population	V		
Rising mortgage rates		V	

### **Test Measurement Overview**

#### **Format**

There are multiple forms of the computer-based test, each containing a predetermined set of scored questions. The examinations are not adaptive. There may be some overlap between different forms of a test: any of the forms may have a few questions, many questions, or no questions in common. Some overlap may be necessary for statistical reasons.

In the computer-based test, not all questions contribute to the candidate's score. Some of the questions presented to the candidate are being pretested for use in future editions of the tests and will not count toward his or her score.

## **Scoring Information**

CLEP examinations are scored without a penalty for incorrect guessing. The candidate's raw score is simply the number of questions answered correctly. However, this raw score is not reported; the raw scores are translated into a scaled score by a process that adjusts for differences in the difficulty of the questions on the various forms of the test.

#### Scaled Scores

The scaled scores are reported on a scale of 20–80. Because the different forms of the tests are not always exactly equal in difficulty, raw-to-scale conversions may in some cases differ from form to form. The easier a form is judged to be, the higher the raw score required to attain a given scaled score. **Table 1** indicates the relationship between number correct (raw score) and scaled score across all forms.

# The Recommended Credit-Granting Score

Table 1 also indicates the recommended credit-granting score, which represents the performance of students earning a grade of C in the corresponding course. The recommended B-level score represents B-level performance in equivalent course work. These scores were established as the

result of a Standard Setting Study, the most recent having been conducted in 2007. The recommended credit-granting scores are based upon the judgments of a panel of experts currently teaching equivalent courses at various colleges and universities. These experts evaluate each question in order to determine the raw scores that would correspond to B and C levels of performance. Their judgments are then reviewed by a test development committee, which, in consultation with test content and psychometric specialists, makes a final determination. The standard-setting study is described more fully in the earlier section entitled "CLEP Credit Granting" on page 5.

Panel members participating in the most recent study were:

Richard Dailey Laura Earner Nathan Himelstein	University of Texas at Arlington Saint Xavier University Essex County College
DeAnna Kempf	Middle Tennessee State
	University
Michael Levas	Carroll College
Erika Matulich	University of Tampa
Brenda McAleer	University of Maine at Augusta
Sunder Narayanan	New York University —
	Stern School of Business
Pookie Sautter	New Mexico State University
Melinda Schmitz	Pamlico Community College

Northeastern University

Washington State University

**Bucks County Community** 

Winona State University

College

Pikes Peak Community College

Jamestown Community College

Mark Young Martha Zenns

scaled score of 80.

Susan Sieloff

Ian Sinapuelas

Carl Sonntag

Gary White

After the recommended credit-granting scores are determined, a statistical procedure called scaling is applied to establish the exact correspondences between raw and scaled scores. Note that a scaled score of 50 is assigned to the raw score that corresponds to the recommended credit-granting score for C-level performance, and a high but usually less-than-perfect raw score is selected and assigned a

# Table 1: Principles of Marketing Interpretive Score Data

American Council on Education (ACE) Recommended Number of Semester Hours of Credit: 3

Course Grade	Scaled Score	Number Correct
	80	80
	79	79
	78	77-78
	77	76-77
	76	75-76
	75	74
	74	73
	73	71-72
	72	70-71
	71	69-70
	70	68-69
	69	67-68
	68	66-67
	67	65-66
	66	63-64
В	65	62-63
	64	61-62
	63	60-61
	62	59-60
	61	58-59
	60	57-58
	59	56-57
	58	55-56
	57	54-55
	56	53
	55	52
	54	50-51
	53	49-50
	52	48-49
	51	47-48
C	50*	46-47
С		
C	49	45-46
C	49 48	45-46 44-45
C	49 48 47	45-46 44-45 43-44
C	49 48 47 46	45-46 44-45 43-44 42-43
C	49 48 47 46 45	45-46 44-45 43-44 42-43 41
C	49 48 47 46 45 44	45-46 44-45 43-44 42-43 41 40
C	49 48 47 46 45 44 43	45-46 44-45 43-44 42-43 41 40 39
C	49 48 47 46 45 44 43 42	45-46 44-45 43-44 42-43 41 40 39 38
C	49 48 47 46 45 44 43 42 41	45-46 44-45 43-44 42-43 41 40 39 38 37
	49 48 47 46 45 44 43 42 41 40	45-46 44-45 43-44 42-43 41 40 39 38 37 36
	49 48 47 46 45 44 43 42 41 40 39	45-46 44-45 43-44 42-43 41 40 39 38 37 36 34-35
	49 48 47 46 45 44 43 42 41 40 39 38	45-46 44-45 43-44 42-43 41 40 39 38 37 36 34-35 33-34
	49 48 47 46 45 44 43 42 41 40 39 38 37	45-46 44-45 43-44 42-43 41 40 39 38 37 36 34-35 33-34 32-33
	49 48 47 46 45 44 43 42 41 40 39 38 37 36	45-46 44-45 43-44 42-43 41 40 39 38 37 36 34-35 33-34 32-33 31-32
	49 48 47 46 45 44 43 42 41 40 39 38 37 36 35	45-46 44-45 43-44 42-43 41 40 39 38 37 36 34-35 33-34 32-33 31-32 30-31
	49 48 47 46 45 44 43 42 41 40 39 38 37 36 35 34	45-46 44-45 43-44 42-43 41 40 39 38 37 36 34-35 33-34 32-33 31-32 30-31 29-30
	49 48 47 46 45 44 43 42 41 40 39 38 37 36 35 34	45-46 44-45 43-44 42-43 41 40 39 38 37 36 34-35 33-34 32-33 31-32 30-31 29-30 28-29
	49 48 47 46 45 44 43 42 41 40 39 38 37 36 35 34 33 32	45-46 44-45 43-44 42-43 41 40 39 38 37 36 34-35 33-34 32-33 31-32 30-31 29-30 28-29 27
	49 48 47 46 45 44 43 42 41 40 39 38 37 36 35 34 33 32 31	45-46 44-45 43-44 42-43 41 40 39 38 37 36 34-35 33-34 32-33 31-32 30-31 29-30 28-29 27 26
	49 48 47 46 45 44 43 42 41 40 39 38 37 36 35 34 33 32 31	45-46 44-45 43-44 42-43 41 40 39 38 37 36 34-35 33-34 32-33 31-32 30-31 29-30 28-29 27 26 25
	49 48 47 46 45 44 43 42 41 40 39 38 37 36 35 34 33 32 31 30 29	45-46 44-45 43-44 42-43 41 40 39 38 37 36 34-35 33-34 32-33 31-32 30-31 29-30 28-29 27 26 25 23-24
	49 48 47 46 45 44 43 42 41 40 39 38 37 36 35 34 33 32 31 30 29 28	45-46 44-45 43-44 42-43 41 40 39 38 37 36 34-35 33-34 32-33 31-32 30-31 29-30 28-29 27 26 25 23-24 22-23
	49 48 47 46 45 44 43 42 41 40 39 38 37 36 35 34 33 32 31 30 29 28 27	45-46 44-45 43-44 42-43 41 40 39 38 37 36 34-35 33-34 32-33 31-32 30-31 29-30 28-29 27 26 25 23-24 22-23 21-22
	49 48 47 46 47 46 45 44 43 42 41 40 39 38 37 36 35 34 33 32 31 30 29 28 27 26	45-46 44-45 43-44 42-43 41 40 39 38 37 36 34-35 33-34 32-33 31-32 30-31 29-30 28-29 27 26 25 23-24 22-23 21-22 20-21
	49 48 47 46 45 44 43 42 41 40 39 38 37 36 35 34 33 32 31 30 29 28 27 26 25	45-46 44-45 43-44 42-43 41 40 39 38 37 36 34-35 33-34 32-33 31-32 30-31 29-30 28-29 27 26 25 23-24 22-23 21-22 20-21 19-20
	49 48 47 46 45 44 43 42 41 40 39 38 37 36 35 34 33 32 31 30 29 28 27 26 25 24	45-46 44-45 43-44 42-43 41 40 39 38 37 36 34-35 33-34 32-33 31-32 30-31 29-30 28-29 27 26 25 23-24 22-23 21-22 20-21 19-20 18-19
	49 48 47 46 45 44 43 42 41 40 39 38 37 36 35 34 33 32 31 30 29 28 27 26 25 24 23	45-46 44-45 43-44 42-43 41 40 39 38 37 36 34-35 33-34 32-33 31-32 30-31 29-30 28-29 27 26 25 23-24 22-23 21-22 20-21 19-20 18-19 17-18
	49 48 47 46 45 44 43 42 41 40 39 38 37 36 35 34 33 32 31 30 29 28 27 26 25 24 23 22	45-46 44-45 43-44 42-43 41 40 39 38 37 36 34-35 33-34 32-33 31-32 30-31 29-30 28-29 27 26 25 23-24 22-23 21-22 20-21 19-20 18-19 17-18 16-17
	49 48 47 46 45 44 43 42 41 40 39 38 37 36 35 34 33 32 31 30 29 28 27 26 25 24 23	45-46 44-45 43-44 42-43 41 40 39 38 37 36 34-35 33-34 32-33 31-32 30-31 29-30 28-29 27 26 25 23-24 22-23 21-22 20-21 19-20 18-19 17-18

\*Credit-granting score recommended by ACE.

**Note:** The number-correct scores for each scaled score on different forms may vary depending on form difficulty.

## **Validity**

Validity is a characteristic of a particular use of the test scores of a group of examinees. If the scores are used to make inferences about the examinees' knowledge of a particular subject, the validity of the scores for that purpose is the extent to which those inferences can be trusted to be accurate.

One type of evidence for the validity of test scores is called content-related evidence of validity. It is usually based upon the judgments of a set of experts who evaluate the extent to which the content of the test is appropriate for the inferences to be made about the examinees' knowledge. The committee that developed the CLEP Principles of Marketing examination selected the content of the test to reflect the content of Principles of Marketing courses at most colleges, as determined by a curriculum survey. Since colleges differ somewhat in the content of the courses they offer, faculty members should, and are urged to, review the content outline and the sample questions to ensure that the test covers core content appropriate to the courses at their college.

Another type of evidence for test-score validity is called criterion-related evidence of validity. It consists of statistical evidence that examinees who score high on the test also do well on other measures of the knowledge or skills the test is being used to measure. Criterion-related evidence for the validity of CLEP scores can be obtained by studies comparing students' CLEP scores with the grades they received in corresponding classes, or other measures of achievement or ability. CLEP and the College Board conduct these studies, called Admitted Class Evaluation Service or ACES, for individual colleges that meet certain criteria at the college's request. Please contact CLEP for more information.

# Reliability

The reliability of the test scores of a group of examinees is commonly described by two statistics: the reliability coefficient and the standard error of measurement (SEM). The reliability coefficient is the correlation between the scores those examinees get (or would get) on two independent replications of the measurement process. The reliability coefficient is intended to indicate the

stability/consistency of the candidates' test scores, and is often expressed as a number ranging from .00 to 1.00. A value of .00 indicates total lack of stability, while a value of 1.00 indicates perfect stability. The reliability coefficient can be interpreted as the correlation between the scores examinees would earn on two forms of the test that had no questions in common.

Statisticians use an internal-consistency measure to calculate the reliability coefficients for the CLEP exam. This involves looking at the statistical relationships among responses to individual multiple-choice questions to estimate the reliability of the total test score. The SEM is an estimate of the amount by which a typical test-taker's score differs from the average of the scores that a test-taker would have gotten on all possible editions of the test. It is expressed in score units of the test. Intervals extending one standard error above and below the true score for a test-taker will include 68 percent of that test-taker's obtained scores. Similarly, intervals extending two standard errors above and below the true score will include 95 percent of the test-taker's obtained scores. The standard error of measurement is inversely related to the reliability coefficient. If the reliability of the test were 1.00 (if it perfectly measured the candidate's knowledge), the standard error of measurement would be zero.

An additional index of reliability is the conditional standard of error of measurement (CSEM). Since different editions of this exam contain different questions, a test-taker's score would not be exactly the same on all possible editions of the exam. The CSEM indicates how much those scores would vary. It is the typical distance of those scores (all for the same test-taker) from their average. A test-taker's CSEM on a test cannot be computed, but by using the data from many test-takers, it can be estimated. The CSEM estimate reported here is for a test-taker whose average score, over all possible forms of the exam, would be equal to the recommended C-level credit-granting score.

Scores on the CLEP examination in Principles of Marketing are estimated to have a reliability coefficient of 0.89. The standard error of measurement is 3.38 scaled-score points. The conditional standard error of measurement at the recommended C-level credit-granting score is 3.74 scaled-score points.

<sup>&</sup>lt;sup>1</sup> The formula used is known as Kuder-Richardson 20, or KR-20, which is equivalent to a more general formula called coefficient alpha.