

Competency-Based
Competitive Events
Written Exam

Test Number 903
Booklet Number _____

Business Services Marketing

INSTRUCTIONS: This is a timed, comprehensive exam for the occupational area identified above. Do not open this booklet until instructed to do so by the testing monitor. You will have _____ minutes to complete all questions.

This comprehensive exam was developed by the MarkED Resource Center. Items have been randomly selected from the MarkED Resource Center's Test-Item Bank and represent a variety of instructional areas. Competencies for this exam are at the prerequisite, career-sustaining, and marketing specialist levels. A descriptive test key, including question sources and answer rationale, has been provided the state DECA advisor.

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1. "In order to form my business, I used all of my savings, borrowed from the bank, and I'm personally liable for all of the debts." This is an example of which of the following forms of business ownership:
 - A. Partnership
 - B. Sole proprietorship
 - C. Corporation
 - D. Cooperative
2. An important reason that face-to-face, verbal communication is an effective method of communication in business is that it provides the opportunity to
 - A. exchange ideas very quickly.
 - B. have a record of the exchange.
 - C. interact with other personalities.
 - D. clarify the information exchanged.
3. Which of the following is a reason why you should not speak too fast on the telephone:
 - A. Your caller may have difficulty understanding what you are saying.
 - B. You run the risk of offending the caller with your tone.
 - C. Your caller may become disinterested in what you are saying.
 - D. You may sound as though you have a negative attitude.
4. Written communications in business should
 - A. be totally impersonal.
 - B. use long, informative sentences.
 - C. use technical language.
 - D. be clear and easy to understand.
5. "Greeting" guests or clients is important because it can involve not only spoken words but also
 - A. making them find you.
 - B. providing a copy of available services.
 - C. singing.
 - D. nonverbal behavior.
6. Josh and Ann operate a health care business and are considering expanding by selling franchises. Franchising their service would allow them to
 - A. control prices of competitors.
 - B. increase inventory or storage control.
 - C. secure their financial future by collecting royalties.
 - D. provide various locations while maintaining a consistent image.
7. If a wholesaler objects to a supplier's policies restricting trade or competition, it is illegal for the supplier to _____ with the wholesaler.
 - A. comply
 - B. refuse to deal
 - C. communicate
 - D. do business
8. Which of the following is a factor that businesses consider when planning a distribution system that will provide superior customer service:
 - A. Level of profitability
 - B. Location of competitors
 - C. Arrangement of space
 - D. Frequency of delivery
9. Why is it important for a chain of beauty salons to coordinate distribution with its promotional activities?
 - A. To arrange the most economical method of transportation
 - B. To establish a relationship with one intermediary
 - C. To charge higher prices for delivery service
 - D. To guarantee a sufficient supply of advertised items
10. Which of the following is the best example of negative horizontal conflict among members in a distribution channel:
 - A. An automobile manufacturer provides its authorized dealers with rebate programs.
 - B. A restaurant franchisee uses unauthorized food suppliers that compromise brand integrity.
 - C. An engineering firm awards a construction contract to the company with the lowest bid.
 - D. A new electronics manufacturer engages in direct distribution strategies.

11. The number of men's suits that a dry-cleaning business can press in an hour is a measure of the business's
- A. competence.
 - B. technical skill.
 - C. teamwork.
 - D. productivity.
12. Which of the following is a category of economic resources:
- A. Valuable
 - B. Scarce
 - C. Human
 - D. International
13. The business activity that provides information needed to determine how a business is doing financially is
- A. marketing.
 - B. accounting.
 - C. ownership.
 - D. management.
14. Businesses produce goods and services to sell to others by using such items as capital goods, land, and willing workers. These items used in production are examples of economic
- A. markets.
 - B. resources.
 - C. credit.
 - D. capital.
15. A beauty salon purchases insurance to protect against the risk of burglary. This is an example of _____ the risk.
- A. retaining
 - B. preventing
 - C. transferring
 - D. bonding
16. Workers in your landscape design company have decided to join a union. As a member of management, which form of union representation will you encourage?
- A. Agency shop
 - B. Closed shop
 - C. Open shop
 - D. Union shop
17. Today's service-based economy that is dominant in many countries throughout the world accounts for a large part of those countries'
- A. gross domestic product.
 - B. uncouncted production.
 - C. trade deficits.
 - D. balance of payments.
18. Mary has been an employee at the Acme Company for nine years and has been having trouble motivating herself to complete tasks on time. Her supervisor feels she needs to develop her self-esteem through affirmations. Why should Mary write and use affirmations?
- A. To know the difference between self-esteem and affirmations
 - B. To daydream about being a superstar in life
 - C. To carry 3x5 index cards around with her for a week
 - D. To develop a positive aspect of her life
19. A characteristic of individuals who have integrity is that they
- A. avoid change whenever possible.
 - B. dispute accepted facts.
 - C. adhere to a code of personal ethics.
 - D. understand others' feelings.
20. What is the best type of feedback to use to reinforce a behavior?
- A. Negative
 - B. Positive
 - C. Internal
 - D. Critical
21. Being alert for upcoming changes can benefit you by giving you the opportunity to
- A. try to prevent any unwanted changes.
 - B. adjust quickly to these changes.
 - C. avoid frightening changes.
 - D. measure the amount of risk involved.
22. One way that employees can provide efficient, quick service to customers is by being
- A. detached.
 - B. forceful.
 - C. organized.
 - D. aggressive.

23. In order for the process of communication to work effectively, it must include _____ of the information transmitted.
- A. analysis
 - B. appreciation
 - C. understanding
 - D. discussion
24. Service businesses often evaluate and change their policies as a result of _____ customers.
- A. creating good relations with
 - B. satisfying their
 - C. acquiring new
 - D. getting feedback from
25. The sales at the ABC Consulting Company have fallen recently because of a similar company that recently opened across the street. What could the ABC Company do to remain competitive and gain new customers?
- A. Change services
 - B. Offer credit
 - C. Relocate
 - D. Mark up prices
26. Which of the following is a reason why accurate accounting is important to business:
- A. To obtain legal information
 - B. To organize governmental support
 - C. To maintain financial control
 - D. To monitor banking regulations
27. What type of money is recorded in the cash receipts column of a cash flow statement?
- A. Collected
 - B. Receivables
 - C. Credit
 - D. Expenses
28. By regularly reviewing their budgets, rental businesses are able to determine if they are
- A. paying interest to customers.
 - B. following their financial plans.
 - C. offering loans to employees.
 - D. receiving discounts from vendors.
29. A service business accidentally bills one customer's account for another customer's purchase. To correct the mistake, the business needs to
- A. inform the customers.
 - B. cancel the purchase.
 - C. close the account.
 - D. transfer the charges.
30. What type of information would a law office post on a client's record?
- A. Personal characteristics
 - B. Court appearances
 - C. Scheduled meetings
 - D. Financial transactions
31. Which of the following would be done by a health care business collecting primary data for marketing decisions:
- A. Economic reports would be obtained from the government.
 - B. A customer survey would be conducted.
 - C. Sales records would be analyzed.
 - D. The company would subscribe to trade publications.
32. Market researchers often place mystery shoppers in public places to observe and record consumer buying behavior. Some people find this practice unethical because
- A. observers overlook other factors that are important to the overall research.
 - B. businesses do not pay participants for their ideas and information.
 - C. most data collected from these activities are usually unreliable.
 - D. researchers are involving participants without obtaining their consent.
33. Which element of the marketing plan reveals the possible problems a service might encounter in the marketplace:
- A. Objectives and issues summary
 - B. Threats and opportunities analysis
 - C. Budget allocation
 - D. Action program

34. What type of information is often included in a salesperson's lost-business reports that an engineering business might use to change its marketing strategy?
- A. Design of competitors' products
 - B. Why customers no longer buy
 - C. Reasons for local unemployment
 - D. Quality of promotional materials
35. The least expensive way that a health care business can approach a marketing-research project is to start by collecting _____ data.
- A. internal, secondary
 - B. external, secondary
 - C. external, primary
 - D. internal, primary
36. A service business might conduct a survey to evaluate its
- A. break-even point.
 - B. competitors' pricing policies.
 - C. return policies.
 - D. customers' satisfaction levels.
37. Marketing strategies and tactics must always be planned and implemented with the carpet-cleaning company's _____ in mind.
- A. executives
 - B. customers
 - C. owners
 - D. stockholders
38. When a law firm divides all of its potential customers into specific groups, the firm is using
- A. mass marketing.
 - B. market positioning.
 - C. market segmentation.
 - D. a marketing plan.
39. Technological advancements have made it possible for research businesses to distribute customer surveys in a quick and cost-efficient manner by using
- A. cellular text messaging.
 - B. e-mail.
 - C. direct mail.
 - D. kiosks.
40. Identifying potential threats in the marketplace and turning them into opportunities is one reason why an insurance business conducts a(n)
- A. physical inventory.
 - B. organizational review.
 - C. training program.
 - D. situational analysis.
41. Which of the following is an example of how a barber shop uses sales forecasts:
- A. To manage staff
 - B. To organize inventory
 - C. To plan purchases
 - D. To control trends
42. A hair salon extends its hours to include Saturday evenings and all day Sunday. This is an example of a service business meeting its customers' needs for
- A. value.
 - B. reliability.
 - C. acceptance.
 - D. convenience.
43. A unique characteristic of services marketing is that customers often associate the service with the
- A. object it represents.
 - B. level of consumption.
 - C. employees who perform it.
 - D. competitors who copy it.
44. Why is globalization a growing trend in the business services industry?
- A. Eliminates competitors
 - B. Increases inventory levels
 - C. Opens new markets
 - D. Reduces promotional needs
45. Which of the following allows a computer to search and access information on the Internet:
- A. Server
 - B. Folder
 - C. Cookie
 - D. Browser

46. In which of the following situations would a rental business use a spreadsheet software program to calculate the effect that one change will have on its financial status:
- A. Operating profit is 15% of total sales.
 - B. Interest rate is expected to decrease by 1/2%.
 - C. Average employee earns \$30,000 per year.
 - D. Fixed expenses are \$58,500 per month.
47. Accepting only cash and credit cards as forms of payment is one way that small repair businesses can eliminate
- A. bank-processing fees.
 - B. bad-check losses.
 - C. debit transactions.
 - D. late-payment costs.
48. The customers have gone, and Chris and Alex are closing their leasing business for the night at 9:00 p.m. Good safety and security measures for them to follow would be to
- A. approach anyone in the vicinity who looks suspicious.
 - B. lock all doors before completing housekeeping chores.
 - C. have one person stay late to check doors and windows.
 - D. empty trash into the dumpster and clean outside areas.
49. What should all companies have on the premises in order to handle accidents?
- A. Emergency personnel
 - B. First-aid supplies
 - C. Hospital equipment
 - D. Trained technicians
50. Preventing security problems is important to services businesses because the financial losses from these problems may force the businesses to
- A. move.
 - B. expand.
 - C. close.
 - D. reorganize.
51. The process of converting resources into goods and services is called
- A. refinement.
 - B. production.
 - C. marketing.
 - D. entrepreneurship.
52. A daily list of activities to be completed is referred to as a _____ list.
- A. master
 - B. to-do
 - C. work
 - D. goal
53. A law firm employee purchases \$1,750 worth of office supplies and receives an invoice offering a 2% discount for paying within 15 days. If the employee pays the invoice within that time, the firm will save
- A. \$35.
 - B. \$30.
 - C. \$40.
 - D. \$50.
54. Individuals can improve their chances of making a good first impression on others by
- A. doing all the talking.
 - B. sitting up straight.
 - C. using street slang in conversation.
 - D. wearing dressy clothes at all times.
55. Which of the following is an important benefit of setting goals:
- A. Makes other people happy
 - B. Increases your chances of success in life
 - C. Simplifies your life
 - D. Eliminates restrictive behavior guidelines
56. During a workplace negotiation, each person agrees to give up something to reach an agreement. This is often called a
- A. guarantee.
 - B. deadlock.
 - C. dispute.
 - D. compromise.
57. What type of requirements for business careers varies greatly depending on the specific job?
- A. Personal
 - B. Financial
 - C. Social
 - D. Educational

58. Which of the following is a guideline to follow in writing a follow-up letter after a job interview:
- A. Be brief, concise, and prompt.
 - B. Make the letter chatty and personal.
 - C. Use colorful, informal notepaper.
 - D. Review your job skills in detail.
59. What is the preferred length of a job resume?
- A. As long as necessary
 - B. Three pages
 - C. Five pages
 - D. From one to two pages
60. Which of the following is often the most important factor that insurance businesses consider when deciding which employee to promote:
- A. Length of time with the company
 - B. Current level of fringe benefits
 - C. Rating on performance appraisal
 - D. Opinions of personal references
61. The benefit of registering on a professional organization's web site is to
- A. speed up the time it takes to download materials.
 - B. gain information not available to the general public.
 - C. find out about the organization's privacy policies.
 - D. access the organization's home page after hours.
62. Which of the following is a cost that a chain of beauty salons builds into the price of its goods:
- A. Distribution
 - B. Consignment
 - C. Orientation
 - D. Receivables
63. A health spa might be involved in the illegal activity of deceptive pricing if it
- A. misleads customers about the true value of a service.
 - B. sells health products at a limited number of predetermined price points.
 - C. changes prices according to current demand.
 - D. offers special prices on a discontinued health item.
64. Which of the following is considered legal in all states:
- A. Selling products below cost in order to attract customers to the business
 - B. Agreeing on a product's price with other businesses that sell the product
 - C. Showing the price per unit along with the total price of the item
 - D. Treating channel members differently as to the terms and conditions of sale
65. A factor that businesses consider when pricing services is the target customer's _____ the service.
- A. involvement in
 - B. ability to pay for
 - C. perceived value of
 - D. understanding of
66. Directing and guiding all stages in the life cycle of a product is part of
- A. product/service management.
 - B. concept testing.
 - C. product development.
 - D. marketing-information management.
67. A characteristic of the growth stage of a product's life cycle is
- A. increasing costs.
 - B. declining distribution.
 - C. rising sales.
 - D. beginning obsolescence.
68. What is one way that services businesses are using the information that they are able to obtain due to the advances in Internet technology?
- A. To interview potential employees
 - B. To compile customer databases
 - C. To develop production systems
 - D. To prepare operating policies

69. Ethical repair shops establish procedures to handle consumer complaints and returns.
- A. False, establishing procedures is not important unless required by law.
 - B. True, establishing procedures reduces harmful effects to the shop and its image.
 - C. False, establishing procedures is a waste of time if products have been tested for safe use.
 - D. True, establishing procedures is a way of explaining problems with products because of improper use by customers.
70. Trends in new-service development are influenced greatly by advances in
- A. production.
 - B. manufacturing.
 - C. education.
 - D. technology.
71. Which of the following safeguards consumers by preventing rental businesses from using false and deceptive advertisements:
- A. Sherman Antitrust Act
 - B. Federal Trade Commission Act
 - C. Robinson-Patman Act
 - D. Clayton Act
72. Which of the following is an example of a combination of a good and a service offered at a beauty salon:
- A. Shampoo and a haircut
 - B. On-time appointment and a free consultation
 - C. Magazines in the waiting area and a clean salon
 - D. Manicure and a bottle of nail polish for at-home use
73. Which of the following is a reason that a business would make changes to its services:
- A. To spread risk over a wider area
 - B. To keep up with changing consumer preferences
 - C. To predict the success of the changed service
 - D. To make room for other goods and services
74. Brand or trade names are used primarily to identify a
- A. product.
 - B. standard.
 - C. market.
 - D. trend.
75. How can a service business best handle customers' complaints and problems?
- A. Obtain help from outside sources to resolve customer service problems and issues.
 - B. Require that all employees handle all customer complaints and problems the same way.
 - C. Train employees and provide them with some flexibility and authority to make decisions.
 - D. Provide customers the opportunity to discuss their problems with upper management.
76. When purchasing services, price is an important consideration when a customer feels that s/he has many similar
- A. options.
 - B. competitors.
 - C. opinions.
 - D. risks.
77. Advertising agencies are independent service businesses that
- A. provide training for advertisers.
 - B. provide free advertising advice.
 - C. prepare advertising for clients.
 - D. operate on a regional basis.
78. Some insurance companies promote good health by suggesting changes in dietary and exercise habits. This is an example of _____ promotion.
- A. patronage
 - B. public-relations
 - C. public-service
 - D. primary product
79. The communication methods chosen by an engineering business are referred to as the business's
- A. promotional mix.
 - B. advertising program.
 - C. marketing mix.
 - D. visual merchandising.

80. To be ethical, sweepstakes should clearly state
- A. how prizes will be delivered.
 - B. what the prizes are.
 - C. that no purchase is necessary.
 - D. how widely the sweepstakes offer has been distributed.
81. When governments develop and enforce laws relating to deceptive advertisements, they are regulating a health care business's _____ activities.
- A. financial
 - B. distribution
 - C. promotional
 - D. research
82. Which of the following limits the usefulness of the Internet as an advertising tool:
- A. Personalization
 - B. Action and sound capabilities
 - C. Linking
 - D. E-mail filter
83. Which of the following parts of a print ad often creates an image that people come to associate with that insurance business:
- A. Illustration
 - B. Logotype
 - C. Headline
 - D. Photograph
84. A personalized fax message that is sent to a rental business is an example of a promotional strategy called
- A. telecom marketing.
 - B. electronic commerce.
 - C. direct mail.
 - D. indirect solicitation.
85. Which of the following might a business lose if it fails to inform its employees about the goods and services being promoted:
- A. Credit
 - B. Image
 - C. Basics
 - D. Sales
86. A service business effectively uses integrated communications by coordinating all of the elements that make up the _____ mix.
- A. sales
 - B. management
 - C. marketing
 - D. product
87. Selling helps customers to determine their needs by providing an opportunity for
- A. two-way communication.
 - B. added utility.
 - C. more competition.
 - D. increased employment.
88. What is a benefit to insurance businesses of using selling policies?
- A. Selling policies can be used to assess sales staff performance.
 - B. The use of selling policies reduces customer objections.
 - C. Selling policies often create misunderstandings.
 - D. The use of selling policies usually decreases job satisfaction.
89. What cost-effective tool is often used by salespeople who sell time-share plans and provides product information to customers that they can view on personal computers?
- A. Multimedia disks
 - B. Micro bites
 - C. Audio disks
 - D. Color transparencies
90. One way that governments often control selling practices in a private enterprise system is by
- A. mandating that all businesses structure ownership as corporations.
 - B. establishing regulations that make it difficult to enter a specific market.
 - C. reviewing each sales transaction that exceeds a set amount in dollars and volume.
 - D. requiring that all businesses provide government access to their computer databases.

91. What type of product information might a salesperson who sells dry-cleaning equipment be able to obtain from a manufacturer's representative?
- A. What credit terms are available
 - B. How the product is made
 - C. How the product became popular
 - D. What inventory method to use
92. One reason why customers often perceive a higher level of risk when buying services than when buying goods is because the service experience is
- A. standardized by industry.
 - B. different for each customer.
 - C. difficult to understand.
 - D. guaranteed by the provider.
93. What do home-security salespeople need to explain to customers to persuade them to buy services?
- A. Benefits
 - B. Uses
 - C. Features
 - D. Warranties
94. Diane sells costume jewelry in a department store and her friend Linda sells life insurance. Given these facts, which of the following statements is true about the selling process each uses:
- A. Linda often skips one or more phases of the selling process.
 - B. The selling process is identical for both types of sales.
 - C. Linda spends more time than Diane on closure.
 - D. Diane does not need to prescribe solutions to customer needs.
95. A sales greeting used to create a friendly atmosphere is known as the _____ approach.
- A. service
 - B. welcome
 - C. combination
 - D. merchandise
96. Which of the following is a factor that influences both consumer and organizational buying behavior:
- A. Authority
 - B. Demographics
 - C. Education
 - D. Economics
97. A question that is structured so that it requires a broad response rather than a yes/no answer is known as a(n) _____ question.
- A. closed-end
 - B. inappropriate
 - C. closing
 - D. open-ended
98. What happens if a salesperson is able to sell a substitute service when the customer's request is not available?
- A. The business's sales decrease.
 - B. The product line can be reduced.
 - C. The business's sales increase.
 - D. The salesperson has used suggestion selling.
99. Which of the following methods for handling objections would involve turning the customer's objection into a valid reason for buying:
- A. Toss-it-back
 - B. Yes, but . . .
 - C. Deny it
 - D. Point-counterpoint
100. At what point in the sales presentation should a salesperson start using techniques to try to close a sale?
- A. From the initial contact with a customer
 - B. At the end of the sales presentation
 - C. In the middle of the sales presentation
 - D. When a customer states an objection