

Sample Questions on the PLC Chapter 3

1 Which of the following is NOT one of the four product life cycle stages?

- A. Introduction
- B. Leveling*
- C. Maturity
- D. Growth
- E. Decline

2. Microsoft's Windows operating system continues to dominate the market, even though it has been around for over twenty years. Windows will likely remain in the mature stage of the product life cycle:

- A. indefinitely.
- B. until it rules the world.
- C. until a superior product comes along to replace it.*
- D. unless Microsoft repositions Windows as an introductory stage product.
- E. all of these.

3. During the _____ stage of the product life cycle, sales are low and profits are small or negative.

- A. introduction*
- B. leveling
- C. maturity
- D. growth
- E. decline

4. When Dr. Putt invented his Eye-Over-the-Ball (EOB) golf putting device, he knew during the introductory stage:

- A. sales would rise quickly, profits would jump, and even laggards would buy his product.
- B. sales would level off, profits would decline, and mature golfers would be attracted to his product.
- C. sales would slow down, profits would peak, and early adopters of golf equipment would be his major customers.
- D. sales would be low, profits non-existent, and he would attract golf equipment innovators.*
- E. sales would be low, profits would be high, and all potential golfers would jump at the opportunity to buy his product.

5. During the _____ stage of the product life cycle, sales rise, profits rise rapidly, and there are a small but increasing number of competitors.

- A. introduction
- B. leveling
- C. maturity
- D. growth*
- E. decline

6. When Toyota introduced hybrid cars, there were waiting lists to buy them. Then Honda and a few other manufacturers entered the market, shifting the product life cycle for hybrid cars into the _____ stage of the product life cycle.

- A. introduction
- B. leveling
- C. maturity
- D. growth*
- E. decline

7. Some products may stay comfortably in the maturity phase of the product life cycle often until a new product emerges to replace them. An example of such a mature product is:

- A. e-books.
- B. refrigerators.*
- C. i-pads
- D. smart phones.
- E. None of these. No product can stay in the mature phase and survive for very long.

8. The growth phase of the product life cycle is always dynamic. Which of the following does **NOT** occur in this phase?

- A. Profits increase as sales increase.
- B. Profits increase as economies of scale are attained.
- C. Some new competitors may enter the market with similar products.
- D Price competition with protracted price wars erodes profits. *

9. Lisa was extremely disappointed when, in her first marketing job, she was assigned to work on a product in the mature phase of the product life cycle. Her work in school had focused on new products, which seemed much more exciting. Once she started working with the product team, she became more enthusiastic as she discovered that:

- A. she could take the product into a new market segment to stimulate new growth.
- B. simple product redesign could reinvigorate the product.
- C. changes in consumers' preferences were opening up new market segments.
- D. taking the product to international markets would stimulate growth.
- E. All of these.*

10. Which of the following is **NOT** a characteristic of products in the maturity stage of the product life cycle?

- A. Laggards are a major focus of marketing efforts.*
- B. Price competition is intense.
- C. Marketing costs increase as firms defend their market share.
- D. The market may become saturated because nearly all potential customers have adopted the product.
- E. To increase the customer base, firms consider entry into new markets and new market segments.

11. During the _____ stage of the product life cycle, sales peak and profits begin to decline as competition becomes intense.

- A. introduction
- B. leveling
- C. maturity*
- D. growth
- E. decline

12. In the New Shoes simulation game each of the three markets has its own distinctive life cycle because the rate at which products move through the product life cycle is determined by the manner in which customers evaluate them compared to competitor's products.

- A. True
- B False

13. In the New Shoes simulation game a new product life cycle starts for a product whenever a new version of the product is completed by the product development team.

- A. True
- B False*

14. Most products that are called new and improved are not new enough to the customer to warrant the start of a new product life cycle.

- A. True*

B False

15 For most products profits reach a maximum in the late maturity stage of the product life cycle.

A. True

B False*

16 For most products profits reach a maximum in the late growth stage of the product life cycle.

A. True*

B False