



SECTION 2

TEST I SAMPLE QUESTIONS

This section of the Georgia Assessments for the Certification of Educators® (GACE™) Preparation Guide provides sample selected-response questions with an annotated answer key for you to review as part of your preparation for the test. The sample selected-response questions are designed to illustrate the nature of the test questions. Work through the questions carefully before referring to the annotated answer key, which follows the sample selected-response questions. The answer key provides the correct response to each question, describes why each correct response is the best answer, and lists the objective within the test framework to which each question is linked.

QUESTIONS

1. Which of the following best describes the primary function of marketing in business?
 - A. Marketing presents consumers with a wide selection of products at competitive prices.
 - B. Marketing attempts to influence consumers' interest in buying products through the use of advertising.
 - C. Marketing connects businesses with consumers and provides the means for satisfactory exchanges to occur.
 - D. Marketing generates customer satisfaction and long-run societal well-being by selling goods produced by businesses.

2. Sales at a women's clothing store have decreased steadily over the past two years due primarily to changing demographics in the surrounding community. Which of the following marketing strategies is likely to be most effective in increasing the store's sales?
 - A. remodeling the store and redesigning its layout
 - B. creating a new advertising campaign to bring back regular customers
 - C. offering a loss leader to bring new customers into the store
 - D. redefining the store's target population and product mix

3. Use the information in the table below to answer the question that follows.

Planned sales	\$4,500
Planned beginning-of-month (BOM) stock	\$10,000
Planned reductions	\$500
Planned end-of-month (EOM) stock	\$9,500

According to the data in this table, what is the total for planned purchases?

- A. \$3,000
- B. \$4,500
- C. \$7,000
- D. \$10,500

4. A manufacturer is planning to introduce a new washing machine into a highly competitive market. Which of the following marketing strategies is likely to be most effective in building consumer confidence in the quality of this new product?
- A. offering a warranty that is significantly longer than that of similar products
 - B. hiring independent consultants to test and evaluate the product
 - C. designing the product to have a rugged-looking exterior
 - D. featuring testimonials from credible celebrities in the new product's advertisements

5. Use the information in the table below to answer the question that follows.

- The cost to make and market a 7 oz. bag of Tasty potato chips is \$1.50.
- The company's profit margin is typically about 30%.
- Market research indicates a strong demand for potato chips.
- Wholesalers add a 35% markup on potato chips.
- Retailers add a 35% markup on potato chips.
- Current retail prices for most similar chips vary by less than 5%.

The product management team for Tasty potato chips has gathered the information in the table above. Considering costs, demand, and competition, as well as the effects of wholesalers and retailers on price, which of the following would be the most appropriate retail price of a 7 oz. bag of Tasty potato chips?

- A. \$1.79
- B. \$2.99
- C. \$3.59
- D. \$4.39

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6. Finnex is a small manufacturer of custom sportswear that sells its products directly to regional retailers. To expand its products to other parts of the country, Finnex has hired in-house sales representatives to sell its products to wholesalers. Which of the following best describes a major advantage of using wholesalers in this situation?
- A. Wholesalers can negotiate lower product markups from retailers.
 - B. Wholesalers assume all responsibility and liability for the products they distribute.
 - C. Wholesalers can help defray the costs of advertising products.
 - D. Wholesalers have previously established relationships with numerous retailers.
7. In addition to the actual product being advertised, which of the following factors is likely to have the greatest influence on an advertiser's choice of promotional media?
- A. lifestyles of the target audience
 - B. advertising methods used by major competitors
 - C. locations of potential retail outlets
 - D. depth and breadth of the advertising campaign
8. Which of the following best illustrates a situation in which the marketing of a product is affected by federal laws?
- A. A beer company runs a series of ads encouraging people not to drink and drive.
 - B. An oil company runs an ad in which it describes the company's efforts to help the environment.
 - C. An automobile company includes statistics in an ad touting the safety rating of a new vehicle.
 - D. A pharmaceutical company runs a TV ad that includes the potential side effects of a new drug.

9. In response to declining sales, the owner of a cardboard manufacturing plant has decided to lay off 10% of the company's workforce. Which of the following is likely to be the most important role of the human resource department as the company plans for problems that may be associated with this layoff?
- A. developing a contingency plan in the event that the company suddenly acquires more work
 - B. addressing a wide range of emotional responses that develop in the remaining employees
 - C. finding the resources necessary to process the paperwork involved with a large-scale layoff
 - D. creating a retraining program to assist the laid-off employees in finding new work
10. The owner of a fast-food franchise would like to diversify the business by adding several new food items to the current menu. Which of the following factors will have the most significant effect on the owner's ability to diversify the product line?
- A. the amount and type of payments required to the franchisor
 - B. the scope of the franchise's marketing and advertising plans
 - C. the description of the business outlined in the franchise agreement
 - D. the depth and breadth of the franchise's training program

ANNOTATED ANSWER KEY

For question	The correct response is	Reason	Test Objective
1	C	The American Marketing Association defines marketing as the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives.	0001
2	D	Changing demographics means that the characteristics of the population in the surrounding community have changed. For example, a community made up primarily of single residents with no children may have changed into a community made up primarily of families with young children. Since it is important to match an organization's products and services to consumers' needs and wants, the store should redefine its target market to be the new residents and sell products that meet their needs.	0002
3	B	Planned purchases are the amounts a firm needs in order to achieve its sales and inventory projections. Planned purchases are calculated using the following formula: (Planned Sales + EOM Stock + Reductions) – BOM Stock = Planned Purchases, or $(\$4,500 + \$9,500 + \$500) - \$10,000 = \$4,500$.	0003
4	A	Consumers are often reluctant to purchase a product if they are uncertain about the manufacturer's quality record. When a product warranty is provided, consumers tend to think that the manufacturer is confident of the product's quality, since the company is willing to pay to repair or replace a defective product. Offering long-term warranties shows consumers that the company is confident of the product's quality over a long time period. This has the effect of increasing the consumer's confidence in the quality of the product.	0004
5	C	If the company plans to receive a 30% profit on its chips, it will increase the price by 30%, and sell them for $\$1.50 \times 1.30 = \1.95 . The wholesaler next adds a 35% markup and sells them for $\$1.95 \times 1.35 = \2.64 . Lastly, the retailer would add a markup of 35% to get $\$2.64 \times 1.35$, which results in an approximate selling price of $\$3.56$. Of the choices given, response C's price of $\$3.59$ is the most appropriate retail price for a bag of chips.	0005
6	D	Wholesalers typically have preestablished relationships with numerous retailers spread out over large geographic regions. Therefore, wholesalers are extremely effective in situations where a manufacturer is trying to reach customers located in many small markets.	0006

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For question	The correct response is	Reason	Test Objective
7	A	When marketers are aware of the lifestyles of their consumers, they can customize their promotional methods by choosing media that are more likely to reach their customers. For example, an advertiser may choose to promote a company's products using newspapers if the company's target audience has a high percentage of people who enjoy reading the newspaper.	0007
8	D	Federal law requires pharmaceutical companies to test their products for side effects. In addition, the labeling and packaging as well as any other promotional material related to pharmaceutical products being sold is required by law to provide consumers with information about potential side effects.	0008
9	B	Staff reductions such as employee layoffs affect not only workers receiving those layoffs, but also workers who remain on the job. The workers who remain may worry that they will be laid off, or they may have feelings of guilt or resentment. These emotional responses may negatively affect worker productivity and product quality. It is the responsibility of the human resource department to address these emotions.	0009
10	C	Consumers have expectations about the quality and type of products or services offered by franchises. To maintain consistency among franchises, franchise agreements often include restrictions on the products or services that may be offered. Therefore, the owner of a fast-food franchise must review details set forth in the franchise agreement before adding any new food items to the menu.	0010