Chapter 01 - Testbank

*Student: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*

|  |  |
| --- | --- |
| 1. | Companies today are successful when they combine the power of the information age with traditional business methods.   True    False |

|  |  |
| --- | --- |
| 2. | Competitive intelligence is information collected from multiple sources such as suppliers, customers, competitors, partners and industries that analyses patterns, trends and relationships for strategic decision making.   True    False |

|  |  |
| --- | --- |
| 3. | The information age is the present time, during which infinite quantities of facts are widely available to anyone who can use a computer.   True    False |

|  |  |
| --- | --- |
| 4. | Technology provides countless business opportunities, but can also lead to pitfalls and traps for a business.   True    False |

|  |  |
| --- | --- |
| 5. | A variable is a business intelligence characteristic that stands for a value that cannot change over time.   True    False |

|  |  |
| --- | --- |
| 6. | Companies update business strategies continuously as internal and external environments change.   True    False |

|  |  |
| --- | --- |
| 7. | For an organisation to succeed, every department or functional area must work independently to be most effective.   True    False |

|  |  |
| --- | --- |
| 8. | Porter's Five Forces Model outlines the process for a sales strategy.  True    False |

|  |  |
| --- | --- |
| 9. | With the Five Forces Model, companies should watch the forces in the market. If the forces are strong, competition generally increases; and, if the forces are weak, competition typically decreases.   True    False |

|  |  |
| --- | --- |
| 10. | Successful companies today operate cross-functionally, integrating the operations of all departments.   True    False |

|  |  |
| --- | --- |
| 11. | An overview of systems thinking includes input, process, output and finances.   True    False |

|  |  |
| --- | --- |
| 12. | A leadership plan that achieves a specific set of goals or objectives is a business strategy.  True    False |

|  |  |
| --- | --- |
| 13. | When a company is the first to market with a competitive advantage, it gains a particular benefit known as competitive intelligence.  True    False |

|  |  |
| --- | --- |
| 14. | Two ways to reduce buyer power is through switching costs and loyalty programs.   True    False |

|  |  |
| --- | --- |
| 15. | There are many challenges to changing doctors, including transferring medical records and losing the doctor–patient relationship along with the doctor's knowledge of the patient's history. Changing doctors provides a great example of switching costs.True    False |

|  |  |
| --- | --- |
| 16. | Supplier power is one of Porter's five forces, and it measures the suppliers' ability to influence the prices they charge for supplies (including materials, labour and services).   True    False |

|  |  |
| --- | --- |
| 17. | Polaroid had a unique competitive advantage for many years until it forgot to observe competitive intelligence. The firm went bankrupt when people began taking digital pictures. Polaroid provides a great example of Porter's threat of new entrants.   True    False |

|  |  |
| --- | --- |
| 18. | Product differentiation occurs when a company develops unique differences in its products or services with the intent to influence demand.   True    False |

|  |  |
| --- | --- |
| 19. | Tiffany and Co competes in the marketplace by offering high cost custom jewellery. Tiffany & Co is following a broad market and cost leadership strategy. True    False |

|  |  |
| --- | --- |
| 20. | According to Porter's three generic strategies, Hyundai is following a business strategy that focuses on 'broad market and low cost'.   True    False |

|  |  |
| --- | --- |
| 21. | Value chain analysis views a firm as a series of business processes that each adds value to the product or service.   True    False |

|  |  |
| --- | --- |
| 22. | The value chain groups a company's activities into two categories: primary value activities and support value activities.   True    False |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 23. | Which of the following is considered information?

|  |  |
| --- | --- |
| A.  | Quantity sold |

|  |  |
| --- | --- |
| B.  | Date sold |

|  |  |
| --- | --- |
| C.  | Best selling item by month |

|  |  |
| --- | --- |
| D.  | All the answers are correct  |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 24. | Which of the following is considered data?

|  |  |
| --- | --- |
| A.  | Quantity sold |

|  |  |
| --- | --- |
| B.  | Best customer by month |

|  |  |
| --- | --- |
| C.  | Best-selling item by month |

|  |  |
| --- | --- |
| D.  | Worst-selling item by month  |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 25. | Cheryl Steffan is the operations manager for Nature's Bread Company, which specialises in providing natural products for health conscious individuals. Cheryl is responsible for compiling, analysing and evaluating daily sales numbers to determine the company's profitability and forecast production for the next day. Which of the following is an example of a piece of data Cheryl would be using to successfully perform her job?

|  |  |
| --- | --- |
| A.  | Craig Newmark is customer number 15467. |

|  |  |
| --- | --- |
| B.  | Compare the costs of supplies including energy over the last five years to determine the best-selling product by month. |

|  |  |
| --- | --- |
| C.  | Best-selling product by day. |

|  |  |
| --- | --- |
| D.  | Best-selling product changes when Tony the best baker is working.  |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 26. | Cheryl Steffan is the operations manager for Nature's Bread Company, which specialises in providing natural products for health conscious individuals. Cheryl is responsible for compiling, analysing and evaluating daily sales numbers to determine the company's profitability and forecast production for the next day. Which of the following is an example of the type of information Cheryl would be using to successfully perform her job?

|  |  |
| --- | --- |
| A.  | Craig Newmark is customer number 15467. |

|  |  |
| --- | --- |
| B.  | Compare the costs of supplies, including energy, over the last five years to determine the best-selling product by month. |

|  |  |
| --- | --- |
| C.  | Best-selling product by day. |

|  |  |
| --- | --- |
| D.  | Best-selling product changes when Tony the best baker is working.  |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 27. | Cheryl Steffan is the operations manager for Nature's Bread Company, which specialises in providing natural products for health conscious individuals. Cheryl is responsible for compiling, analysing and evaluating daily sales numbers to determine the company's profitability and forecast production for the next day. Which of the following is an example of knowledge that Cheryl would be using to successfully perform her job?

|  |  |
| --- | --- |
| A.  | Craig Newmark is customer number 15467. |

|  |  |
| --- | --- |
| B.  | Compare the costs of supplies including energy over the last five years to determine the best-selling product by month. |

|  |  |
| --- | --- |
| C.  | Best-selling product by day. |

|  |  |
| --- | --- |
| D.  | Best-selling product changes when Tony the best baker is working. |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 28. | Data is useful for understanding individual sales, but to gain deeper insight into a business data needs to be turned into information. Which of the following offers an example of turning data into information?

|  |  |
| --- | --- |
| A.  | Who are my best customers? |

|  |  |
| --- | --- |
| B.  | What is my best-selling product? |

|  |  |
| --- | --- |
| C.  | What is my worst-selling product? |

|  |  |
| --- | --- |
| D.  | All the answers are correct  |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 29. | Which of the following provides an example of taking data and turning it into information?

|  |  |
| --- | --- |
| A.  | Who is customer number 12345XX? |

|  |  |
| --- | --- |
| B.  | What is product number 12345XX? |

|  |  |
| --- | --- |
| C.  | What customer number is Bob Smith? |

|  |  |
| --- | --- |
| D.  | What is my worst-selling product?  |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 30. | Business intelligence is information collected from multiple sources. Which of the following provides an example of a source that would be included in business intelligence?

|  |  |
| --- | --- |
| A.  | Suppliers. |

|  |  |
| --- | --- |
| B.  | Customers. |

|  |  |
| --- | --- |
| C.  | Competitors. |

|  |  |
| --- | --- |
| D.  | All the answers are correct.  |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 31. | Knowledge includes the skills, experience and expertise coupled with information and \_\_\_\_\_\_\_\_\_ that creates a person's intellectual resources.

|  |  |
| --- | --- |
| A.  | Resources. |

|  |  |
| --- | --- |
| B.  | Intelligence. |

|  |  |
| --- | --- |
| C.  | Expectations. |

|  |  |
| --- | --- |
| D.  | Enterprise information.  |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 32. | Which of the following represents the definition of a variable?

|  |  |
| --- | --- |
| A.  | A data characteristic that is collected through competitive intelligence and cannot change over time. |

|  |  |
| --- | --- |
| B.  | A data characteristic that stands for a value that changes or varies over time. |

|  |  |
| --- | --- |
| C.  | A data characteristic that stands for a value that does not change or vary over time. |

|  |  |
| --- | --- |
| D.  | A data characteristic that is collected only through competitive intelligence and can change over time.  |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 33. | How does the text recommend that a company operate if it wants to be successful in our current business environment today?

|  |  |
| --- | --- |
| A.  | Functionally independent between departments. |

|  |  |
| --- | --- |
| B.  | Interdependently between departments. |

|  |  |
| --- | --- |
| C.  | Together as one department with little or no independence. |

|  |  |
| --- | --- |
| D.  | Each department acting as its own individual business unit.  |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 34. | Information technology can enable departments to more efficiently and effectively perform their core \_\_\_\_\_\_\_\_\_\_\_\_.

|  |  |
| --- | --- |
| A.  | Facts |

|  |  |
| --- | --- |
| B.  | Feedback mechanisms |

|  |  |
| --- | --- |
| C.  | Business operations |

|  |  |
| --- | --- |
| D.  | Media issues  |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 35. | Which of the following statements is true?

|  |  |
| --- | --- |
| A.  | IT equals business success. |

|  |  |
| --- | --- |
| B.  | IT equals business innovation. |

|  |  |
| --- | --- |
| C.  | IT represents business success and innovation. |

|  |  |
| --- | --- |
| D.  | IT enables business success and innovation.  |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 36. | A system is a collection of parts that link together to \_\_\_\_\_\_\_\_\_\_.

|  |  |
| --- | --- |
| A.  | Monitor the company |

|  |  |
| --- | --- |
| B.  | Gather experience |

|  |  |
| --- | --- |
| C.  | Achieve a common purpose |

|  |  |
| --- | --- |
| D.  | Implement solutions  |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 37. | What is a way of monitoring the entire system in a company by viewing the multiple inputs being processed or transformed to produce outputs?

|  |  |
| --- | --- |
| A.  | Feedback thinking. |

|  |  |
| --- | --- |
| B.  | Systems thinking. |

|  |  |
| --- | --- |
| C.  | Output management. |

|  |  |
| --- | --- |
| D.  | Operational thinking.  |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 38. | Jeremy Bridges is an executive for Green Web Designs, where his primary role is to ensure the security of business systems and develop strategies and safeguards to protect the company from online viruses and hackers. What is Jeremy's role within the company?

|  |  |
| --- | --- |
| A.  | Chief Executive Officer (CEO). |

|  |  |
| --- | --- |
| B.  | Chief Security Officer (CSO). |

|  |  |
| --- | --- |
| C.  | Chief Procurement Officer (CPO). |

|  |  |
| --- | --- |
| D.  | Chief Technology Officer (CTO).  |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 39. | A system is a collection of parts that link to achieve a common purpose. Systems thinking is a way of monitoring \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

|  |  |
| --- | --- |
| A.  | The entire system |

|  |  |
| --- | --- |
| B.  | A division within the sales role |

|  |  |
| --- | --- |
| C.  | The executive team |

|  |  |
| --- | --- |
| D.  | The company's competitors  |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 40. | Which role within a company is responsible for overseeing all uses of MIS and ensuring that MIS strategically aligns with business goals and objectives?

|  |  |
| --- | --- |
| A.  | Chief knowledge officer (CKO). |

|  |  |
| --- | --- |
| B.  | Chief privacy officer (CPO). |

|  |  |
| --- | --- |
| C.  | Chief information officer (CIO). |

|  |  |
| --- | --- |
| D.  | Chief security officer (CSO).  |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 41. | Which of the following is not a typical way that a company would duplicate a competitive advantage?

|  |  |
| --- | --- |
| A.  | Acquiring the new technology. |

|  |  |
| --- | --- |
| B.  | Copying the business operations. |

|  |  |
| --- | --- |
| C.  | Hiring away key employees. |

|  |  |
| --- | --- |
| D.  | Carrying large product inventories.  |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 42. | Competitive intelligence is the process of gathering information about the competitive environment, including \_\_\_\_\_\_\_\_.

|  |  |
| --- | --- |
| A.  | Competitors' employees |

|  |  |
| --- | --- |
| B.  | Competitors' differentiated processes |

|  |  |
| --- | --- |
| C.  | Competitors' plans |

|  |  |
| --- | --- |
| D.  | All the answers are correct  |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 43. | Updating business strategies is a continuous undertaking as internal and external environments \_\_\_\_\_\_\_.

|  |  |
| --- | --- |
| A.  | Become less competitive |

|  |  |
| --- | --- |
| B.  | Remain stagnant |

|  |  |
| --- | --- |
| C.  | Rapidly change |

|  |  |
| --- | --- |
| D.  | Become more consistent  |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 44. | Which of the following represents a reason why competitive advantages are typically temporary?

|  |  |
| --- | --- |
| A.  | The competitor will hire away your key employees. |

|  |  |
| --- | --- |
| B.  | The competitor quickly seeks ways to duplicate your business operations. |

|  |  |
| --- | --- |
| C.  | The competitor will purchase new technology. |

|  |  |
| --- | --- |
| D.  | All the answers are correct.  |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 45. | What is a competitive advantage?

|  |  |
| --- | --- |
| A.  | A product that an organisation's customers place a lesser value on than similar offerings from a competitor. |

|  |  |
| --- | --- |
| B.  | A feature of a product or service on which customers place a lesser value than they do on similar offerings from a supplier. |

|  |  |
| --- | --- |
| C.  | A service that an organisation's customers place a lesser value on than similar offerings from a supplier. |

|  |  |
| --- | --- |
| D.  | A feature of a product or service on which customers place a greater value than they do on similar offerings from competitors.  |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 46. | Steve Jobs and Apple created a big advantage in the technology industry with the introduction of the iPod, iPhone and iPad. What are these all examples of?

|  |  |
| --- | --- |
| A.  | Competitive advantage |

|  |  |
| --- | --- |
| B.  | Competitive intelligence |

|  |  |
| --- | --- |
| C.  | First-mover advantage |

|  |  |
| --- | --- |
| D.  | All the answers are correct  |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 47. | Paula Logston is the owner and operator of a high-end online custom clothing company. Paula has never heard of Porter's Five Forces Model and she wants to understand why she would perform an analysis using it. If you were tasked with explaining Porter's Five Forces Model to Paula, what would be the primary reason she would want to use this type of analysis?

|  |  |
| --- | --- |
| A.  | To help Paula choose a clothing business focus. |

|  |  |
| --- | --- |
| B.  | To help Paula evaluate the attractiveness of the clothing industry. |

|  |  |
| --- | --- |
| C.  | To help Paula evaluate and execute business goals. |

|  |  |
| --- | --- |
| D.  | All the answers are correct.  |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 48. | The Victory Wireless store in Denver is currently offering a fabulous marketing strategy for potential new iPhone customers. Victory Wireless offers customers who purchase an iPhone with a two-year subscription a free Otter phone case, car charger, ear phones and speakers. In terms of Porter's five forces, what is Victory Wireless attempting to achieve with this marketing strategy?

|  |  |
| --- | --- |
| A.  | Increase buyer power. |

|  |  |
| --- | --- |
| B.  | Increase substitute products. |

|  |  |
| --- | --- |
| C.  | Decrease supplier power. |

|  |  |
| --- | --- |
| D.  | Decrease buyer power.  |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 49. | Michael Porter defined the Five Forces Model and the potential pressures that can hurt sales. Which of the following is not one of the potential pressures that can hurt sales?

|  |  |
| --- | --- |
| A.  | Suppliers can drive down profits by charging more for supplies. |

|  |  |
| --- | --- |
| B.  | Greater sales automation can decrease time taken to fulfil sales orders. |

|  |  |
| --- | --- |
| C.  | Substitute products can steal customers. |

|  |  |
| --- | --- |
| D.  | Competition can steal customers.  |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 50. | Kevin Campbell is an incoming student at your college. Kevin is frustrated by the cost of books, tuition and expenses, and he also needs to purchase a rather expensive laptop. In an effort to save money, Kevin begins a Facebook group finding other college students who need to purchase laptops. Soon, Kevin's Facebook group has close to 100,000 students. Kevin decides to collectively approach different computer companies to see if his group qualifies for a special discount. What business strategy is Kevin using to purchase laptops?

|  |  |
| --- | --- |
| A.  | Collecting business intelligence. |

|  |  |
| --- | --- |
| B.  | Decreasing entry barriers. |

|  |  |
| --- | --- |
| C.  | Purchasing a substitute product. |

|  |  |
| --- | --- |
| D.  | Increasing buyer power.  |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 51. | What are costs that make customers reluctant to switch to another product or service?

|  |  |
| --- | --- |
| A.  | Support activities. |

|  |  |
| --- | --- |
| B.  | Switching costs. |

|  |  |
| --- | --- |
| C.  | Loyalty rewards. |

|  |  |
| --- | --- |
| D.  | Value chain activities.  |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 52. | Shawn McGill is on the executive board for ABC pharmaceuticals. The company produces the number one selling cancer fighting drug on the market. Due to its incredible success ABC pharmaceuticals has decided to increase the cost of the drug from $8 a pill to $15 a pill. Which force is ABC pharmaceutical using to increase its drug price?

|  |  |
| --- | --- |
| A.  | Supplier power. |

|  |  |
| --- | --- |
| B.  | Buyer power. |

|  |  |
| --- | --- |
| C.  | Threat of false entrants. |

|  |  |
| --- | --- |
| D.  | Business power.  |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 53. | What is one of the most common ways a company can decrease supplier power?

|  |  |
| --- | --- |
| A.  | Charge lower prices. |

|  |  |
| --- | --- |
| B.  | Charge higher prices. |

|  |  |
| --- | --- |
| C.  | Use standardised parts so that it can easily switch suppliers. |

|  |  |
| --- | --- |
| D.  | Companies cannot impact supplier power.  |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 54. | How can a company reduce the threat of substitute products or services?

|  |  |
| --- | --- |
| A.  | Market the product to less than ten customers. |

|  |  |
| --- | --- |
| B.  | Ignore competitive forces. |

|  |  |
| --- | --- |
| C.  | By increasing switching costs. |

|  |  |
| --- | --- |
| D.  | Offer less value making the product far more generic and similar to the competition. |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 55. | Which of the following offers an example where Porter's Five Forces are mostly weak and competition is low?

|  |  |
| --- | --- |
| A.  | An international hotel chain purchasing milk. |

|  |  |
| --- | --- |
| B.  | A coffee shop. |

|  |  |
| --- | --- |
| C.  | A single consumer purchasing milk. |

|  |  |
| --- | --- |
| D.  | A dog-walking business. |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 56. | Amazon.com uses a customer profiling system whenever a customer visits its website. Using this system, Amazon can offer products tailored to that particular customer's profile and buying pattern. What is Amazon using to achieve this competitive advantage?

|  |  |
| --- | --- |
| A.  | Rivalry. |

|  |  |
| --- | --- |
| B.  | Buyer power. |

|  |  |
| --- | --- |
| C.  | Product differentiation. |

|  |  |
| --- | --- |
| D.  | Substitute product.  |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 57. | Porter identified three generic strategies that a business could follow after identifying a market it wanted to enter. Which of the following is not included as one of Porter's three generic strategies?

|  |  |
| --- | --- |
| A.  | Broad differentiation. |

|  |  |
| --- | --- |
| B.  | Supplier cost differentiation. |

|  |  |
| --- | --- |
| C.  | Focused strategy. |

|  |  |
| --- | --- |
| D.  | Broad cost leadership.  |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 58. | When analysing Porter's three generic strategies for entering a market, if you have a focused strategy what market should you target?

|  |  |
| --- | --- |
| A.  | A niche market. |

|  |  |
| --- | --- |
| B.  | A broad market. |

|  |  |
| --- | --- |
| C.  | Neither niche nor broad markets. |

|  |  |
| --- | --- |
| D.  | Both niche and broad markets.  |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 59. | Jennifer Bloom is writing a paper and she must determine which of Porter's three generic strategies The Museum Company has implemented. Jennifer finds out that The Museum Company offers specialty products found only in museums around the world to affluent customers. What would Jennifer determine The Museum Company is using as its generic strategy?

|  |  |
| --- | --- |
| A.  | Broad market, low cost. |

|  |  |
| --- | --- |
| B.  | Narrow market, high cost. |

|  |  |
| --- | --- |
| C.  | Broad market, high cost. |

|  |  |
| --- | --- |
| D.  | Narrow market, low cost.  |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 60. | According to Porter, companies that wish to dominate broad markets should operate using a \_\_\_\_\_\_\_\_ strategy.

|  |  |
| --- | --- |
| A.  | Cost leadership with a low cost |

|  |  |
| --- | --- |
| B.  | Differentiation with a low cost |

|  |  |
| --- | --- |
| C.  | Cost leadership with a high cost |

|  |  |
| --- | --- |
| D.  | All the answers are correct  |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 61. | If a business is following a focused strategy, its competitive scope is \_\_\_\_\_\_\_.

|  |  |
| --- | --- |
| A.  | Broad market |

|  |  |
| --- | --- |
| B.  | Narrow market |

|  |  |
| --- | --- |
| C.  | Broad range products |

|  |  |
| --- | --- |
| D.  | Broad range of services  |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 62. | When reviewing Porter's value chain analysis, which of the below provides customer support after the sale of goods and services?

|  |  |
| --- | --- |
| A.  | Inbound logistics. |

|  |  |
| --- | --- |
| B.  | Outbound logistics. |

|  |  |
| --- | --- |
| C.  | Operations. |

|  |  |
| --- | --- |
| D.  | Service.  |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 63. | What includes support value activities and primary value activities and is used to determine how to create the greatest possible value for customers?

|  |  |
| --- | --- |
| A.  | Supplier power. |

|  |  |
| --- | --- |
| B.  | Operations management. |

|  |  |
| --- | --- |
| C.  | Porter's Five Forces Model. |

|  |  |
| --- | --- |
| D.  | The Value Chain analysis.  |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 64. | Which of the following is not considered a category within the primary value activities in a value chain analysis?

|  |  |
| --- | --- |
| A.  | Inbound logistics. |

|  |  |
| --- | --- |
| B.  | Firm infrastructure. |

|  |  |
| --- | --- |
| C.  | Operations. |

|  |  |
| --- | --- |
| D.  | Service.  |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 65. | Sandy Fiero works as the Chief Knowledge Officer for Bend Lumbar Company. She has been given the responsibility to create a product or service that will bring added value to its customers and, increase the company's revenue. Sandy determines that the best value she can add is by creating a service that offers free next-day shipping on any order over $50. Where in the value chain is Sandy adding value?

|  |  |
| --- | --- |
| A.  | The primary value activity outbound logistics. |

|  |  |
| --- | --- |
| B.  | The primary value activity inbound logistics. |

|  |  |
| --- | --- |
| C.  | The primary value activity marketing and sales. |

|  |  |
| --- | --- |
| D.  | The primary value activity operations.  |

 |

|  |  |
| --- | --- |
| 66. | Describe the information age and the differences between data, information, business intelligence and knowledge.      |

|  |  |
| --- | --- |
| 67. | Identify the different departments in a company and why they must work together to achieve success.      |

|  |  |
| --- | --- |
| 68. | Explain systems thinking and how management information systems (MIS) enable business communications.      |

|  |  |
| --- | --- |
| 69. | Explain why competitive advantages are temporary.      |

|  |  |
| --- | --- |
| 70. | Describe Porter's Five Forces Model and explain each of the five forces.      |

|  |  |
| --- | --- |
| 71. | Compare Porter's three generic strategies.      |

|  |  |
| --- | --- |
| 72. | Explain how a company can add value by using Porter's value chain analysis.      |

Chapter 01 - Testbank Key

|  |  |
| --- | --- |
| 1. | Companies today are successful when they combine the power of the information age with traditional business methods.   **TRUE** |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: TechnologyAccessibility: Keyboard NavigationBloom's: KnowledgeDifficulty: 1 EasyLearning Objective: 01.02 Describe the differences between data, information, business intelligence and knowledge.Topic: Data, information, business intelligence and knowledge* |

|  |  |
| --- | --- |
| 2. | Competitive intelligence is information collected from multiple sources such as suppliers, customers, competitors, partners and industries that analyses patterns, trends and relationships for strategic decision making.   **FALSE** |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: TechnologyAccessibility: Keyboard NavigationBloom's: KnowledgeDifficulty: 1 EasyLearning Objective: 01.02 Describe the differences between data, information, business intelligence and knowledge.Topic: Data, information, business intelligence and knowledge* |

|  |  |
| --- | --- |
| 3. | The information age is the present time, during which infinite quantities of facts are widely available to anyone who can use a computer.   **TRUE** |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: TechnologyAccessibility: Keyboard NavigationBloom's: KnowledgeDifficulty: 1 EasyLearning Objective: 01.02 Describe the differences between data, information, business intelligence and knowledge.Topic: Data, information, business intelligence and knowledge* |

|  |  |
| --- | --- |
| 4. | Technology provides countless business opportunities, but can also lead to pitfalls and traps for a business.   **TRUE** |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: ComprehensionDifficulty: 2 MediumLearning Objective: 01.02 Describe the differences between data, information, business intelligence and knowledge.Topic: Data, information, business intelligence and knowledge* |

|  |  |
| --- | --- |
| 5. | A variable is a business intelligence characteristic that stands for a value that cannot change over time.   **FALSE** |

|  |
| --- |
| *AACSB: CommunicationAACSB: Reflective thinkingAccessibility: Keyboard NavigationBloom's: ComprehensionDifficulty: 2 MediumLearning Objective: 01.02 Describe the differences between data, information, business intelligence and knowledge.Topic: Data, information, business intelligence and knowledge* |

|  |  |
| --- | --- |
| 6. | Companies update business strategies continuously as internal and external environments change.   **TRUE** |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: TechnologyAccessibility: Keyboard NavigationBloom's: KnowledgeDifficulty: 1 EasyLearning Objective: 01.02 Describe the differences between data, information, business intelligence and knowledge.Topic: Data, information, business intelligence and knowledge* |

|  |  |
| --- | --- |
| 7. | For an organisation to succeed, every department or functional area must work independently to be most effective.   **FALSE** |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: KnowledgeDifficulty: 1 EasyLearning Objective: 01.03 Outline the common functional areas in an organisation.Topic: Common functional areas in an organisation* |

|  |  |
| --- | --- |
| 8. | Porter's Five Forces Model outlines the process for a sales strategy.  **FALSE** |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: KnowledgeDifficulty: 1 EasyLearning Objective: 01.08 Describe and explain Porter’s Five Forces Model as an aid in understanding competition and forming business strategies.Topic: Porter’s Five Forces Model-evaluating industry attractiveness* |

|  |  |
| --- | --- |
| 9. | With the Five Forces Model, companies should watch the forces in the market. If the forces are strong, competition generally increases; and, if the forces are weak, competition typically decreases.   **TRUE** |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: ComprehensionDifficulty: 2 MediumLearning Objective: 01.08 Describe and explain Porter’s Five Forces Model as an aid in understanding competition and forming business strategies.Topic: Porter’s Five Forces Model-evaluating industry attractiveness* |

|  |  |
| --- | --- |
| 10. | Successful companies today operate cross-functionally, integrating the operations of all departments.   **TRUE** |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: KnowledgeDifficulty: 1 EasyLearning Objective: 01.04 Explain a systems-thinking approach in relationship to business.Topic: A systems-thinking approach to information technology* |

|  |  |
| --- | --- |
| 11. | An overview of systems thinking includes input, process, output and finances.   **FALSE** |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: KnowledgeDifficulty: 1 EasyLearning Objective: 01.04 Explain a systems-thinking approach in relationship to business.Topic: A systems-thinking approach to information technology* |

|  |  |
| --- | --- |
| 12. | A leadership plan that achieves a specific set of goals or objectives is a business strategy.  **TRUE** |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: KnowledgeDifficulty: 1 EasyLearning Objective: 01.07 Explain competitive advantages and the role IT plays in their achievement.Topic: Identifying competitive advantages* |

|  |  |
| --- | --- |
| 13. | When a company is the first to market with a competitive advantage, it gains a particular benefit known as competitive intelligence.  **FALSE** |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: KnowledgeDifficulty: 1 EasyLearning Objective: 01.07 Explain competitive advantages and the role IT plays in their achievement.Topic: Identifying competitive advantages* |

|  |  |
| --- | --- |
| 14. | Two ways to reduce buyer power is through switching costs and loyalty programs.   **TRUE** |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: ComprehensionDifficulty: 2 MediumLearning Objective: 01.08 Describe and explain Porter’s Five Forces Model as an aid in understanding competition and forming business strategies.Topic: Porter’s Five Forces Model-evaluating industry attractiveness* |

|  |  |
| --- | --- |
| 15. | There are many challenges to changing doctors, including transferring medical records and losing the doctor–patient relationship along with the doctor's knowledge of the patient's history. Changing doctors provides a great example of switching costs.  **TRUE** |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: ComprehensionDifficulty: 2 MediumLearning Objective: 01.08 Describe and explain Porter’s Five Forces Model as an aid in understanding competition and forming business strategies.Topic: Porter’s Five Forces Model-evaluating industry attractiveness* |

|  |  |
| --- | --- |
| 16. | Supplier power is one of Porter's five forces, and it measures the suppliers' ability to influence the prices they charge for supplies (including materials, labour and services).   **TRUE** |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: KnowledgeDifficulty: 1 EasyLearning Objective: 01.08 Describe and explain Porter’s Five Forces Model as an aid in understanding competition and forming business strategies.Topic: Porter’s Five Forces Model-evaluating industry attractiveness* |

|  |  |
| --- | --- |
| 17. | Polaroid had a unique competitive advantage for many years until it forgot to observe competitive intelligence. The firm went bankrupt when people began taking digital pictures. Polaroid provides a great example of Porter's threat of new entrants.   **FALSE** |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: AnalysisDifficulty: 3 HardLearning Objective: 01.08 Describe and explain Porter’s Five Forces Model as an aid in understanding competition and forming business strategies.Topic: Porter’s Five Forces Model-evaluating industry attractiveness* |

|  |  |
| --- | --- |
| 18. | Product differentiation occurs when a company develops unique differences in its products or services with the intent to influence demand.   **TRUE** |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: KnowledgeDifficulty: 1 EasyLearning Objective: 01.08 Describe and explain Porter’s Five Forces Model as an aid in understanding competition and forming business strategies.Topic: Porter’s Five Forces Model-evaluating industry attractiveness* |

|  |  |
| --- | --- |
| 19. | Tiffany and Co competes in the marketplace by offering high cost custom jewellery. Tiffany & Co is following a broad market and cost leadership strategy.  **FALSE** |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: AnalysisDifficulty: 3 HardLearning Objective: 01.09 Compare and contrast Porter’s three generic strategies when choosing a business focus.Topic: Porter’s three generic strategies-choosing a business focus* |

|  |  |
| --- | --- |
| 20. | According to Porter's three generic strategies, Hyundai is following a business strategy that focuses on 'broad market and low cost'.   **TRUE** |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: ComprehensionDifficulty: 2 MediumLearning Objective: 01.09 Compare and contrast Porter’s three generic strategies when choosing a business focus.Topic: Porter’s three generic strategies-choosing a business focus* |

|  |  |
| --- | --- |
| 21. | Value chain analysis views a firm as a series of business processes that each adds value to the product or service.   **TRUE** |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: KnowledgeDifficulty: 1 EasyLearning Objective: 01.10 Demonstrate how a company can add value by using value chain analysis.Topic: Value chain analysis-executing business strategies* |

|  |  |
| --- | --- |
| 22. | The value chain groups a company's activities into two categories: primary value activities and support value activities.   **TRUE** |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: ComprehensionDifficulty: 2 MediumLearning Objective: 01.10 Demonstrate how a company can add value by using value chain analysis.Topic: Value chain analysis-executing business strategies* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 23. | Which of the following is considered information?

|  |  |
| --- | --- |
| A.  | Quantity sold |

|  |  |
| --- | --- |
| B.  | Date sold |

|  |  |
| --- | --- |
| **C.**  | Best selling item by month |

|  |  |
| --- | --- |
| D.  | All the answers are correct  |

Best selling item by month is information. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: KnowledgeDifficulty: 1 EasyLearning Objective: 01.02 Describe the differences between data, information, business intelligence and knowledge.Topic: Data, information, business intelligence and knowledge* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 24. | Which of the following is considered data?

|  |  |
| --- | --- |
| **A.**  | Quantity sold |

|  |  |
| --- | --- |
| B.  | Best customer by month |

|  |  |
| --- | --- |
| C.  | Best-selling item by month |

|  |  |
| --- | --- |
| D.  | Worst-selling item by month  |

Quantity sold is data. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: KnowledgeDifficulty: 1 EasyLearning Objective: 01.02 Describe the differences between data, information, business intelligence and knowledge.Topic: Data, information, business intelligence and knowledge* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 25. | Cheryl Steffan is the operations manager for Nature's Bread Company, which specialises in providing natural products for health conscious individuals. Cheryl is responsible for compiling, analysing and evaluating daily sales numbers to determine the company's profitability and forecast production for the next day. Which of the following is an example of a piece of data Cheryl would be using to successfully perform her job?

|  |  |
| --- | --- |
| **A.**  | Craig Newmark is customer number 15467. |

|  |  |
| --- | --- |
| B.  | Compare the costs of supplies including energy over the last five years to determine the best-selling product by month. |

|  |  |
| --- | --- |
| C.  | Best-selling product by day. |

|  |  |
| --- | --- |
| D.  | Best-selling product changes when Tony the best baker is working.  |

Data is raw facts that describe the characteristics of an event or object. Data for Cheryl would include Craig Newmark is customer number 15467. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: AnalysisDifficulty: 3 HardLearning Objective: 01.02 Describe the differences between data, information, business intelligence and knowledge.Topic: Data, information, business intelligence and knowledge* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 26. | Cheryl Steffan is the operations manager for Nature's Bread Company, which specialises in providing natural products for health conscious individuals. Cheryl is responsible for compiling, analysing and evaluating daily sales numbers to determine the company's profitability and forecast production for the next day. Which of the following is an example of the type of information Cheryl would be using to successfully perform her job?

|  |  |
| --- | --- |
| A.  | Craig Newmark is customer number 15467. |

|  |  |
| --- | --- |
| B.  | Compare the costs of supplies, including energy, over the last five years to determine the best-selling product by month. |

|  |  |
| --- | --- |
| **C.**  | Best-selling product by day. |

|  |  |
| --- | --- |
| D.  | Best-selling product changes when Tony the best baker is working.  |

Best-selling product by day is an example of information. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: AnalysisDifficulty: 3 HardLearning Objective: 01.02 Describe the differences between data, information, business intelligence and knowledge.Topic: Data, information, business intelligence and knowledge* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 27. | Cheryl Steffan is the operations manager for Nature's Bread Company, which specialises in providing natural products for health conscious individuals. Cheryl is responsible for compiling, analysing and evaluating daily sales numbers to determine the company's profitability and forecast production for the next day. Which of the following is an example of knowledge that Cheryl would be using to successfully perform her job?

|  |  |
| --- | --- |
| A.  | Craig Newmark is customer number 15467. |

|  |  |
| --- | --- |
| B.  | Compare the costs of supplies including energy over the last five years to determine the best-selling product by month. |

|  |  |
| --- | --- |
| C.  | Best-selling product by day. |

|  |  |
| --- | --- |
| **D.**  | Best-selling product changes when Tony the best baker is working. |

Knowledge would include knowing that the best baker is Tony and that when he works the best-selling product changes. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: AnalysisDifficulty: 3 HardLearning Objective: 01.02 Describe the differences between data, information, business intelligence and knowledge.Topic: Data, information, business intelligence and knowledge* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 28. | Data is useful for understanding individual sales, but to gain deeper insight into a business data needs to be turned into information. Which of the following offers an example of turning data into information?

|  |  |
| --- | --- |
| A.  | Who are my best customers? |

|  |  |
| --- | --- |
| B.  | What is my best-selling product? |

|  |  |
| --- | --- |
| C.  | What is my worst-selling product? |

|  |  |
| --- | --- |
| **D.**  | All the answers are correct  |

Questions outlined in the book include: Who are my best customers? Who are my least-profitable customers? What is my best-selling product? What is my slowest-selling product? Who is my strongest sales representative? Who is my weakest sales representative? |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: ComprehensionDifficulty: 2 MediumLearning Objective: 01.02 Describe the differences between data, information, business intelligence and knowledge.Topic: Data, information, business intelligence and knowledge* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 29. | Which of the following provides an example of taking data and turning it into information?

|  |  |
| --- | --- |
| A.  | Who is customer number 12345XX? |

|  |  |
| --- | --- |
| B.  | What is product number 12345XX? |

|  |  |
| --- | --- |
| C.  | What customer number is Bob Smith? |

|  |  |
| --- | --- |
| **D.**  | What is my worst-selling product?  |

What is my worst-selling product is an example of taking data and turning it into information. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: ComprehensionDifficulty: 2 MediumLearning Objective: 01.02 Describe the differences between data, information, business intelligence and knowledge.Topic: Data, information, business intelligence and knowledge* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 30. | Business intelligence is information collected from multiple sources. Which of the following provides an example of a source that would be included in business intelligence?

|  |  |
| --- | --- |
| A.  | Suppliers. |

|  |  |
| --- | --- |
| B.  | Customers. |

|  |  |
| --- | --- |
| C.  | Competitors. |

|  |  |
| --- | --- |
| **D.**  | All the answers are correct.  |

Business Intelligence is information collected from multiple sources such as suppliers, customers, competitors, partners and industries that analyses patterns, trends and relationships for strategic decision making. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: KnowledgeDifficulty: 1 EasyLearning Objective: 01.02 Describe the differences between data, information, business intelligence and knowledge.Topic: Data, information, business intelligence and knowledge* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 31. | Knowledge includes the skills, experience and expertise coupled with information and \_\_\_\_\_\_\_\_\_ that creates a person's intellectual resources.

|  |  |
| --- | --- |
| A.  | Resources. |

|  |  |
| --- | --- |
| **B.**  | Intelligence. |

|  |  |
| --- | --- |
| C.  | Expectations. |

|  |  |
| --- | --- |
| D.  | Enterprise information.  |

The definition of knowledge is skills, experience and expertise coupled with information and intelligence that creates a person's intellectual resources. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: KnowledgeDifficulty: 1 EasyLearning Objective: 01.02 Describe the differences between data, information, business intelligence and knowledge.Topic: Data, information, business intelligence and knowledge* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 32. | Which of the following represents the definition of a variable?

|  |  |
| --- | --- |
| A.  | A data characteristic that is collected through competitive intelligence and cannot change over time. |

|  |  |
| --- | --- |
| **B.**  | A data characteristic that stands for a value that changes or varies over time. |

|  |  |
| --- | --- |
| C.  | A data characteristic that stands for a value that does not change or vary over time. |

|  |  |
| --- | --- |
| D.  | A data characteristic that is collected only through competitive intelligence and can change over time.  |

A variable is a data characteristic that stands for a value that changes or varies over time and can be manipulated to help improve profits. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: ComprehensionDifficulty: 2 MediumLearning Objective: 01.02 Describe the differences between data, information, business intelligence and knowledge.Topic: Data, information, business intelligence and knowledge* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 33. | How does the text recommend that a company operate if it wants to be successful in our current business environment today?

|  |  |
| --- | --- |
| A.  | Functionally independent between departments. |

|  |  |
| --- | --- |
| **B.**  | Interdependently between departments. |

|  |  |
| --- | --- |
| C.  | Together as one department with little or no independence. |

|  |  |
| --- | --- |
| D.  | Each department acting as its own individual business unit.  |

For companies to operate as a whole and be successful in our current business environment today, they must operate interdependently between departments. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: KnowledgeDifficulty: 1 EasyLearning Objective: 01.03 Outline the common functional areas in an organisation.Topic: Common functional areas in an organisation* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 34. | Information technology can enable departments to more efficiently and effectively perform their core \_\_\_\_\_\_\_\_\_\_\_\_.

|  |  |
| --- | --- |
| A.  | Facts |

|  |  |
| --- | --- |
| B.  | Feedback mechanisms |

|  |  |
| --- | --- |
| **C.**  | Business operations |

|  |  |
| --- | --- |
| D.  | Media issues  |

Information technology can enable departments to more efficiently and effectively perform their business operations. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: TechnologyAccessibility: Keyboard NavigationBloom's: ComprehensionDifficulty: 2 MediumLearning Objective: 01.03 Outline the common functional areas in an organisation.Topic: Common functional areas in an organisation* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 35. | Which of the following statements is true?

|  |  |
| --- | --- |
| A.  | IT equals business success. |

|  |  |
| --- | --- |
| B.  | IT equals business innovation. |

|  |  |
| --- | --- |
| C.  | IT represents business success and innovation. |

|  |  |
| --- | --- |
| **D.**  | IT enables business success and innovation.  |

IT is an important enabler of business success and innovation. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: TechnologyAccessibility: Keyboard NavigationBloom's: KnowledgeDifficulty: 1 EasyLearning Objective: 01.04 Explain a systems-thinking approach in relationship to business.Topic: A systems-thinking approach to information technology* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 36. | A system is a collection of parts that link together to \_\_\_\_\_\_\_\_\_\_.

|  |  |
| --- | --- |
| A.  | Monitor the company |

|  |  |
| --- | --- |
| B.  | Gather experience |

|  |  |
| --- | --- |
| **C.**  | Achieve a common purpose |

|  |  |
| --- | --- |
| D.  | Implement solutions  |

A system is a collection of parts that link together to achieve a common purpose. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: TechnologyAccessibility: Keyboard NavigationBloom's: KnowledgeDifficulty: 1 EasyLearning Objective: 01.04 Explain a systems-thinking approach in relationship to business.Topic: A systems-thinking approach to information technology* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 37. | What is a way of monitoring the entire system in a company by viewing the multiple inputs being processed or transformed to produce outputs?

|  |  |
| --- | --- |
| A.  | Feedback thinking. |

|  |  |
| --- | --- |
| **B.**  | Systems thinking. |

|  |  |
| --- | --- |
| C.  | Output management. |

|  |  |
| --- | --- |
| D.  | Operational thinking.  |

Systems thinking is a way of monitoring the entire system by viewing multiple inputs being processed or transformed to produce outputs while continuously gathering Feedback on each part. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: KnowledgeDifficulty: 1 EasyLearning Objective: 01.04 Explain a systems-thinking approach in relationship to business.Topic: A systems-thinking approach to information technology* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 38. | Jeremy Bridges is an executive for Green Web Designs, where his primary role is to ensure the security of business systems and develop strategies and safeguards to protect the company from online viruses and hackers. What is Jeremy's role within the company?

|  |  |
| --- | --- |
| A.  | Chief Executive Officer (CEO). |

|  |  |
| --- | --- |
| **B.**  | Chief Security Officer (CSO). |

|  |  |
| --- | --- |
| C.  | Chief Procurement Officer (CPO). |

|  |  |
| --- | --- |
| D.  | Chief Technology Officer (CTO).  |

The Chief Security Officer is responsible for ensuring the security of business systems and developing strategies and safeguards to protect the company from online viruses and hackers. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: TechnologyAccessibility: Keyboard NavigationBloom's: ComprehensionDifficulty: 2 MediumLearning Objective: 01.05 Describe and compare the different roles and responsibilities in information technology.Topic: People: roles and responsibilities in information technology* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 39. | A system is a collection of parts that link to achieve a common purpose. Systems thinking is a way of monitoring \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

|  |  |
| --- | --- |
| **A.**  | The entire system |

|  |  |
| --- | --- |
| B.  | A division within the sales role |

|  |  |
| --- | --- |
| C.  | The executive team |

|  |  |
| --- | --- |
| D.  | The company's competitors  |

A system is a collection of parts that link to achieve a common purpose, where systems thinking is a way of monitoring the entire system by viewing multiple inputs being processed or transformed to produce outputs while continuously gathering Feedback on each part. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: ComprehensionDifficulty: 2 MediumLearning Objective: 01.04 Explain a systems-thinking approach in relationship to business.Topic: A systems-thinking approach to information technology* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 40. | Which role within a company is responsible for overseeing all uses of MIS and ensuring that MIS strategically aligns with business goals and objectives?

|  |  |
| --- | --- |
| A.  | Chief knowledge officer (CKO). |

|  |  |
| --- | --- |
| B.  | Chief privacy officer (CPO). |

|  |  |
| --- | --- |
| **C.**  | Chief information officer (CIO). |

|  |  |
| --- | --- |
| D.  | Chief security officer (CSO).  |

The Chief information officer (CIO) is responsible for (1) overseeing all uses of MIS and (2) ensuring that MIS strategically aligns with business goals and objectives. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: TechnologyAccessibility: Keyboard NavigationBloom's: KnowledgeDifficulty: 1 EasyLearning Objective: 01.05 Describe and compare the different roles and responsibilities in information technology.Topic: People: roles and responsibilities in information technology* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 41. | Which of the following is not a typical way that a company would duplicate a competitive advantage?

|  |  |
| --- | --- |
| A.  | Acquiring the new technology. |

|  |  |
| --- | --- |
| B.  | Copying the business operations. |

|  |  |
| --- | --- |
| C.  | Hiring away key employees. |

|  |  |
| --- | --- |
| **D.**  | Carrying large product inventories.  |

Ways that companies duplicate competitive advantages include acquiring new technology, copying the business operations and hiring away key employees. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: ComprehensionDifficulty: 2 MediumLearning Objective: 01.07 Explain competitive advantages and the role IT plays in their achievement.Topic: Identifying competitive advantages* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 42. | Competitive intelligence is the process of gathering information about the competitive environment, including \_\_\_\_\_\_\_\_.

|  |  |
| --- | --- |
| A.  | Competitors' employees |

|  |  |
| --- | --- |
| B.  | Competitors' differentiated processes |

|  |  |
| --- | --- |
| **C.**  | Competitors' plans |

|  |  |
| --- | --- |
| D.  | All the answers are correct  |

Competitive intelligence is the process of gathering information about the competitive environment, including competitors' plans, activities and products, to improve a company's ability to succeed. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: ComprehensionDifficulty: 2 MediumLearning Objective: 01.07 Explain competitive advantages and the role IT plays in their achievement.Topic: Identifying competitive advantages* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 43. | Updating business strategies is a continuous undertaking as internal and external environments \_\_\_\_\_\_\_.

|  |  |
| --- | --- |
| A.  | Become less competitive |

|  |  |
| --- | --- |
| B.  | Remain stagnant |

|  |  |
| --- | --- |
| **C.**  | Rapidly change |

|  |  |
| --- | --- |
| D.  | Become more consistent  |

Updating business strategies is a continuous undertaking as internal and external environments rapidly change. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: ComprehensionDifficulty: 2 MediumLearning Objective: 01.07 Explain competitive advantages and the role IT plays in their achievement.Topic: Identifying competitive advantages* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 44. | Which of the following represents a reason why competitive advantages are typically temporary?

|  |  |
| --- | --- |
| A.  | The competitor will hire away your key employees. |

|  |  |
| --- | --- |
| B.  | The competitor quickly seeks ways to duplicate your business operations. |

|  |  |
| --- | --- |
| C.  | The competitor will purchase new technology. |

|  |  |
| --- | --- |
| **D.**  | All the answers are correct.  |

Competitive advantages are typically temporary, because competitors often quickly seek ways to duplicate them by acquiring new technology, copying the business operations, and hiring away key employees. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: ComprehensionDifficulty: 2 MediumLearning Objective: 01.07 Explain competitive advantages and the role IT plays in their achievement.Topic: Identifying competitive advantages* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 45. | What is a competitive advantage?

|  |  |
| --- | --- |
| A.  | A product that an organisation's customers place a lesser value on than similar offerings from a competitor. |

|  |  |
| --- | --- |
| B.  | A feature of a product or service on which customers place a lesser value than they do on similar offerings from a supplier. |

|  |  |
| --- | --- |
| C.  | A service that an organisation's customers place a lesser value on than similar offerings from a supplier. |

|  |  |
| --- | --- |
| **D.**  | A feature of a product or service on which customers place a greater value than they do on similar offerings from competitors.  |

This is the definition of competitive advantage. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: ComprehensionDifficulty: 1 EasyLearning Objective: 01.07 Explain competitive advantages and the role IT plays in their achievement.Topic: Identifying competitive advantages* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 46. | Steve Jobs and Apple created a big advantage in the technology industry with the introduction of the iPod, iPhone and iPad. What are these all examples of?

|  |  |
| --- | --- |
| A.  | Competitive advantage |

|  |  |
| --- | --- |
| B.  | Competitive intelligence |

|  |  |
| --- | --- |
| C.  | First-mover advantage |

|  |  |
| --- | --- |
| **D.**  | All the answers are correct  |

Steve Jobs and Apple created a big advantage in the technology industry with their products the iPod, iPhone and iPad. These are examples of competitive advantage, competitive intelligence and first-mover advantage. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: ComprehensionDifficulty: 2 MediumTopic: Identifying competitive advantages* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 47. | Paula Logston is the owner and operator of a high-end online custom clothing company. Paula has never heard of Porter's Five Forces Model and she wants to understand why she would perform an analysis using it. If you were tasked with explaining Porter's Five Forces Model to Paula, what would be the primary reason she would want to use this type of analysis?

|  |  |
| --- | --- |
| A.  | To help Paula choose a clothing business focus. |

|  |  |
| --- | --- |
| **B.**  | To help Paula evaluate the attractiveness of the clothing industry. |

|  |  |
| --- | --- |
| C.  | To help Paula evaluate and execute business goals. |

|  |  |
| --- | --- |
| D.  | All the answers are correct.  |

One of the three tools company executives often use when analysing competitive intelligence is the Five Forces Model. This is used to evaluate industry attractiveness. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: AnalysisDifficulty: 3 HardTopic: Identifying competitive advantages* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 48. | The Victory Wireless store in Denver is currently offering a fabulous marketing strategy for potential new iPhone customers. Victory Wireless offers customers who purchase an iPhone with a two-year subscription a free Otter phone case, car charger, ear phones and speakers. In terms of Porter's five forces, what is Victory Wireless attempting to achieve with this marketing strategy?

|  |  |
| --- | --- |
| A.  | Increase buyer power. |

|  |  |
| --- | --- |
| B.  | Increase substitute products. |

|  |  |
| --- | --- |
| C.  | Decrease supplier power. |

|  |  |
| --- | --- |
| **D.**  | Decrease buyer power.  |

Victory Wireless is attempting to decrease buyer power by offering more products at a lower or similar price to competitors, or competing on price. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: AnalysisDifficulty: 3 HardLearning Objective: 01.08 Describe and explain Porter’s Five Forces Model as an aid in understanding competition and forming business strategies.Topic: Porter’s Five Forces Model-evaluating industry attractiveness* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 49. | Michael Porter defined the Five Forces Model and the potential pressures that can hurt sales. Which of the following is not one of the potential pressures that can hurt sales?

|  |  |
| --- | --- |
| A.  | Suppliers can drive down profits by charging more for supplies. |

|  |  |
| --- | --- |
| **B.**  | Greater sales automation can decrease time taken to fulfil sales orders. |

|  |  |
| --- | --- |
| C.  | Substitute products can steal customers. |

|  |  |
| --- | --- |
| D.  | Competition can steal customers.  |

Michael Porter defined the Five Forces model. Before formally presenting his model, he identified pressures that can hurt potential sales, which include: (1) knowledgeable customers can force down prices by pitting rivals against each other; (2) influential suppliers can drive down profits by charging higher prices for supplies; (3) new market entrants can steal potential investment capital; and (4) substitute products can steal customers. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: AnalysisDifficulty: 3 HardLearning Objective: 01.08 Describe and explain Porter’s Five Forces Model as an aid in understanding competition and forming business strategies.Topic: Porter’s Five Forces Model-evaluating industry attractiveness* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 50. | Kevin Campbell is an incoming student at your college. Kevin is frustrated by the cost of books, tuition and expenses, and he also needs to purchase a rather expensive laptop. In an effort to save money, Kevin begins a Facebook group finding other college students who need to purchase laptops. Soon, Kevin's Facebook group has close to 100,000 students. Kevin decides to collectively approach different computer companies to see if his group qualifies for a special discount. What business strategy is Kevin using to purchase laptops?

|  |  |
| --- | --- |
| A.  | Collecting business intelligence. |

|  |  |
| --- | --- |
| B.  | Decreasing entry barriers. |

|  |  |
| --- | --- |
| C.  | Purchasing a substitute product. |

|  |  |
| --- | --- |
| **D.**  | Increasing buyer power.  |

Buyer power is one of Porter's five forces, which measures the ability of buyers to affect the price they must pay for an item. Kevin's group is attempting to increase its buyer power. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: AnalysisDifficulty: 3 HardLearning Objective: 01.08 Describe and explain Porter’s Five Forces Model as an aid in understanding competition and forming business strategies.Topic: Porter’s Five Forces Model-evaluating industry attractiveness* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 51. | What are costs that make customers reluctant to switch to another product or service?

|  |  |
| --- | --- |
| A.  | Support activities. |

|  |  |
| --- | --- |
| **B.**  | Switching costs. |

|  |  |
| --- | --- |
| C.  | Loyalty rewards. |

|  |  |
| --- | --- |
| D.  | Value chain activities.  |

Switching costs are costs that make customers reluctant to switch to another product or service. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: KnowledgeDifficulty: 1 EasyLearning Objective: 01.08 Describe and explain Porter’s Five Forces Model as an aid in understanding competition and forming business strategies.Topic: Porter’s Five Forces Model-evaluating industry attractiveness* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 52. | Shawn McGill is on the executive board for ABC pharmaceuticals. The company produces the number one selling cancer fighting drug on the market. Due to its incredible success ABC pharmaceuticals has decided to increase the cost of the drug from $8 a pill to $15 a pill. Which force is ABC pharmaceutical using to increase its drug price?

|  |  |
| --- | --- |
| **A.**  | Supplier power. |

|  |  |
| --- | --- |
| B.  | Buyer power. |

|  |  |
| --- | --- |
| C.  | Threat of false entrants. |

|  |  |
| --- | --- |
| D.  | Business power.  |

Supplier power is one of Porter's Five Forces, which measures the suppliers' ability to influence the prices they charge for supplies (including materials, labour and services). |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: ComprehensionDifficulty: 2 MediumLearning Objective: 01.08 Describe and explain Porter’s Five Forces Model as an aid in understanding competition and forming business strategies.Topic: Porter’s Five Forces Model-evaluating industry attractiveness* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 53. | What is one of the most common ways a company can decrease supplier power?

|  |  |
| --- | --- |
| A.  | Charge lower prices. |

|  |  |
| --- | --- |
| B.  | Charge higher prices. |

|  |  |
| --- | --- |
| **C.**  | Use standardised parts so that it can easily switch suppliers. |

|  |  |
| --- | --- |
| D.  | Companies cannot impact supplier power.  |

One tactic a company can adopt to decrease the power of its suppliers is to use standardised parts so that it can easily switch suppliers. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: ComprehensionDifficulty: 2 MediumLearning Objective: 01.08 Describe and explain Porter’s Five Forces Model as an aid in understanding competition and forming business strategies.Topic: Porter’s Five Forces Model-evaluating industry attractiveness* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 54. | How can a company reduce the threat of substitute products or services?

|  |  |
| --- | --- |
| A.  | Market the product to less than ten customers. |

|  |  |
| --- | --- |
| B.  | Ignore competitive forces. |

|  |  |
| --- | --- |
| **C.**  | By increasing switching costs. |

|  |  |
| --- | --- |
| D.  | Offer less value making the product far more generic and similar to the competition. |

An organisation can create a competitive advantage by using switching costs. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: ComprehensionDifficulty: 2 MediumLearning Objective: 01.08 Describe and explain Porter’s Five Forces Model as an aid in understanding competition and forming business strategies.Topic: Porter’s Five Forces Model-evaluating industry attractiveness* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 55. | Which of the following offers an example where Porter's Five Forces are mostly weak and competition is low?

|  |  |
| --- | --- |
| **A.**  | An international hotel chain purchasing milk. |

|  |  |
| --- | --- |
| B.  | A coffee shop. |

|  |  |
| --- | --- |
| C.  | A single consumer purchasing milk. |

|  |  |
| --- | --- |
| D.  | A dog-walking business. |

With Porter's Five Forces Model, these are all examples of weak forces, where it decreases competition: (1) an international hotel chain purchasing milk; (2) a company that makes airline engines; (3) cancer drugs from a pharmaceutical company; (4) a professional hockey team; and (5) department of Motor Vehicles. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: ComprehensionDifficulty: 2 MediumLearning Objective: 01.08 Describe and explain Porter’s Five Forces Model as an aid in understanding competition and forming business strategies.Topic: Porter’s Five Forces Model-evaluating industry attractiveness* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 56. | Amazon.com uses a customer profiling system whenever a customer visits its website. Using this system, Amazon can offer products tailored to that particular customer's profile and buying pattern. What is Amazon using to achieve this competitive advantage?

|  |  |
| --- | --- |
| A.  | Rivalry. |

|  |  |
| --- | --- |
| B.  | Buyer power. |

|  |  |
| --- | --- |
| **C.**  | Product differentiation. |

|  |  |
| --- | --- |
| D.  | Substitute product.  |

Product differentiation is an advantage that occurs when a company develops unique differences in its products with the intent to influence demand. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: ComprehensionDifficulty: 2 MediumLearning Objective: 01.08 Describe and explain Porter’s Five Forces Model as an aid in understanding competition and forming business strategies.Topic: Porter’s Five Forces Model-evaluating industry attractiveness* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 57. | Porter identified three generic strategies that a business could follow after identifying a market it wanted to enter. Which of the following is not included as one of Porter's three generic strategies?

|  |  |
| --- | --- |
| A.  | Broad differentiation. |

|  |  |
| --- | --- |
| **B.**  | Supplier cost differentiation. |

|  |  |
| --- | --- |
| C.  | Focused strategy. |

|  |  |
| --- | --- |
| D.  | Broad cost leadership.  |

Porter has identified three generic business strategies for entering a new market: (1) broad cost leadership; (2) broad differentiation; and (3) focused strategy. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: KnowledgeDifficulty: 1 EasyLearning Objective: 01.09 Compare and contrast Porter’s three generic strategies when choosing a business focus.Topic: Porter’s three generic strategies-choosing a business focus* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 58. | When analysing Porter's three generic strategies for entering a market, if you have a focused strategy what market should you target?

|  |  |
| --- | --- |
| **A.**  | A niche market. |

|  |  |
| --- | --- |
| B.  | A broad market. |

|  |  |
| --- | --- |
| C.  | Neither niche nor broad markets. |

|  |  |
| --- | --- |
| D.  | Both niche and broad markets.  |

When analysing Porter's three generic strategies for entering a market, if you have a focused strategy you should target a narrow market, niche market or a unique market. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: ComprehensionDifficulty: 2 MediumLearning Objective: 01.09 Compare and contrast Porter’s three generic strategies when choosing a business focus.Topic: Porter’s three generic strategies-choosing a business focus* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 59. | Jennifer Bloom is writing a paper and she must determine which of Porter's three generic strategies The Museum Company has implemented. Jennifer finds out that The Museum Company offers specialty products found only in museums around the world to affluent customers. What would Jennifer determine The Museum Company is using as its generic strategy?

|  |  |
| --- | --- |
| A.  | Broad market, low cost. |

|  |  |
| --- | --- |
| **B.**  | Narrow market, high cost. |

|  |  |
| --- | --- |
| C.  | Broad market, high cost. |

|  |  |
| --- | --- |
| D.  | Narrow market, low cost.  |

The Museum Company competes using a narrow market and high cost focus. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: AnalysisDifficulty: 3 HardLearning Objective: 01.09 Compare and contrast Porter’s three generic strategies when choosing a business focus.Topic: Porter’s three generic strategies-choosing a business focus* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 60. | According to Porter, companies that wish to dominate broad markets should operate using a \_\_\_\_\_\_\_\_ strategy.

|  |  |
| --- | --- |
| **A.**  | Cost leadership with a low cost |

|  |  |
| --- | --- |
| B.  | Differentiation with a low cost |

|  |  |
| --- | --- |
| C.  | Cost leadership with a high cost |

|  |  |
| --- | --- |
| D.  | All the answers are correct  |

According to Porter, broad markets should utilise cost leadership with a low cost and differentiation with a high cost. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: ComprehensionDifficulty: 2 MediumLearning Objective: 01.09 Compare and contrast Porter’s three generic strategies when choosing a business focus.Topic: Porter’s three generic strategies-choosing a business focus* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 61. | If a business is following a focused strategy, its competitive scope is \_\_\_\_\_\_\_.

|  |  |
| --- | --- |
| A.  | Broad market |

|  |  |
| --- | --- |
| **B.**  | Narrow market |

|  |  |
| --- | --- |
| C.  | Broad range products |

|  |  |
| --- | --- |
| D.  | Broad range of services  |

When you have a market segment, their competitive scope should be a narrow market, and the cost strategy should be a focused strategy. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: KnowledgeDifficulty: 1 EasyLearning Objective: 01.09 Compare and contrast Porter’s three generic strategies when choosing a business focus.Topic: Porter’s three generic strategies-choosing a business focus* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 62. | When reviewing Porter's value chain analysis, which of the below provides customer support after the sale of goods and services?

|  |  |
| --- | --- |
| A.  | Inbound logistics. |

|  |  |
| --- | --- |
| B.  | Outbound logistics. |

|  |  |
| --- | --- |
| C.  | Operations. |

|  |  |
| --- | --- |
| **D.**  | Service.  |

The service activity within the primary value activities provides customer support after the sale of goods and services. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: KnowledgeDifficulty: 1 EasyLearning Objective: 01.10 Demonstrate how a company can add value by using value chain analysis.Topic: Value chain analysis-executing business strategies* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 63. | What includes support value activities and primary value activities and is used to determine how to create the greatest possible value for customers?

|  |  |
| --- | --- |
| A.  | Supplier power. |

|  |  |
| --- | --- |
| B.  | Operations management. |

|  |  |
| --- | --- |
| C.  | Porter's Five Forces Model. |

|  |  |
| --- | --- |
| **D.**  | The Value Chain analysis.  |

The support activity firm infrastructure coupled with the primary value activity of outbound logistics is a part of the value chain analysis. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: KnowledgeDifficulty: 1 EasyLearning Objective: 01.10 Demonstrate how a company can add value by using value chain analysis.Topic: Porter’s three generic strategies-choosing a business focus* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 64. | Which of the following is not considered a category within the primary value activities in a value chain analysis?

|  |  |
| --- | --- |
| A.  | Inbound logistics. |

|  |  |
| --- | --- |
| **B.**  | Firm infrastructure. |

|  |  |
| --- | --- |
| C.  | Operations. |

|  |  |
| --- | --- |
| D.  | Service.  |

Primary value activities are found at the bottom of the value chain, these include business processes that acquire raw materials and manufacture, deliver, market, sell and provide after-sales services. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: KnowledgeDifficulty: 1 EasyLearning Objective: 01.10 Demonstrate how a company can add value by using value chain analysis.Topic: Porter’s three generic strategies-choosing a business focus* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 65. | Sandy Fiero works as the Chief Knowledge Officer for Bend Lumbar Company. She has been given the responsibility to create a product or service that will bring added value to its customers and, increase the company's revenue. Sandy determines that the best value she can add is by creating a service that offers free next-day shipping on any order over $50. Where in the value chain is Sandy adding value?

|  |  |
| --- | --- |
| **A.**  | The primary value activity outbound logistics. |

|  |  |
| --- | --- |
| B.  | The primary value activity inbound logistics. |

|  |  |
| --- | --- |
| C.  | The primary value activity marketing and sales. |

|  |  |
| --- | --- |
| D.  | The primary value activity operations.  |

Outbound logistics distributes goods and services to customers. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: AnalysisDifficulty: 3 HardLearning Objective: 01.10 Demonstrate how a company can add value by using value chain analysis.Topic: Porter’s three generic strategies-choosing a business focus* |

|  |  |
| --- | --- |
| 66. | Describe the information age and the differences between data, information, business intelligence and knowledge. In the information age infinite numbers of facts are widely available to anyone who can use a computer.Data are raw facts that describe the characteristics of an event or object, while information is data converted into a meaningful and useful context.Business intelligence (BI) is information collected from multiple sources (such as suppliers, customers, competitors, partners and industries) that analyses patterns, trends and relationships for strategic decision making.Knowledge includes the skills, experience and expertise, coupled with information and intelligence, that creates a person’s intellectual resources. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: AnalysisDifficulty: 3 HardLearning Objective: 01.02 Describe the differences between data, information, business intelligence and knowledge.Topic: Data, information, business intelligence and knowledge* |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 67. | Identify the different departments in a company and why they must work together to achieve success.

|  |  |
| --- | --- |
| Accounting | Provides quantitative information about the finances of the business, including recording, measuring and describing financial information. |
| Finance | Deals with the strategic financial issues associated with increasing the value of the business, while observing applicable laws and social responsibilities. |
| Human resources (HR) | Includes the policies, plans and procedures for the effective management of employees. |
| Sales | Responsible for selling a good or service and focuses on increasing customer sales, which increases company revenue. |
| Marketing | Responsible for the process associated with promoting the sale of goods or services. |

 For an organisation to succeed, every department or functional area must work together sharing common information and not be a ‘silo’.  |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: AnalysisDifficulty: 3 HardLearning Objective: 01.05 Describe and compare the different roles and responsibilities in information technology.Topic: People: roles and responsibilities in information technology* |

|  |  |
| --- | --- |
| 68. | Explain systems thinking and how management information systems (MIS) enable business communications. Systems thinking is a way of monitoring the entire system by viewing multiple inputs being processed or transformed to produce outputs while continuously gathering feedback on each part. Systems thinking provides an end-to-end view of how operations work together to create a product or service.Management information systems (MIS) is a general name for the business function covering the application of people, technologies and procedures—collectively called information systems—to foster company-wide communication and to manage and solve business problems. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: AnalysisDifficulty: 3 HardLearning Objective: 01.04 Explain a systems-thinking approach in relationship to business.Topic: A systems-thinking approach to information technology* |

|  |  |
| --- | --- |
| 69. | Explain why competitive advantages are temporary.  Competitive advantages are typically temporary, because competitors quickly seek ways to duplicate them. In turn, organisations must develop a strategy based on a new competitive advantage. Ways that companies duplicate competitive advantages include acquiring the new technology, copying business operations and hiring away key employees. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: AnalysisDifficulty: 3 HardTopic: Identifying competitive advantages* |

|  |  |
| --- | --- |
| 70. | Describe Porter's Five Forces Model and explain each of the five forces.  Porter’s Five Forces model is used to determine the relative attractiveness of an industry.1 Buyer power: The power of buyers is reflected by their ability to directly affect the price they are willing to pay for an item.2 Supplier power: Supplier power is high when one supplier has concentrated power over an industry.3 Threat of substitute products or service: Such threats are high when there are many alternatives to a product or service, and low when there are few alternatives from which to choose.4 Threat of new entrants: Such threats are high when it is easy for new competitors to enter a market and low when there are significant barriers to entering a market.5 Rivalry among existing competitors: Rivalry is high when competition is fierce in a market and low when competition is more complacent.Understanding Porter’s Five Forces can help a company identify potential opportunities and create a competitive advantage while deterring potential rivals. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: AnalysisDifficulty: 3 HardLearning Objective: 01.08 Describe and explain Porter’s Five Forces Model as an aid in understanding competition and forming business strategies.Topic: Porter’s Five Forces Model-evaluating industry attractiveness* |

|  |  |
| --- | --- |
| 71. | Compare Porter's three generic strategies.  An organisation can follow one of Porter’s three generic strategies when entering a new market:1 broad cost leadership2 broad differentiation3 focused strategy. Broad strategies reach a large market segment, while focused strategies target a niche market. A focused strategy concentrates on either cost leadership or differentiation. Trying to be all things to all people, however, is a recipe for disaster, since it is difficult to project a consistent image to the entire marketplace. Porter suggests that an organisation is wise to adopt just one of the three generic strategies. The following examples illustrate the different strategies:• Hyundai is following a broad cost-leadership strategy. Hyundai offers low-cost vehicles, in each particular model level that appeal to a large audience.• Audi is pursuing a broad differentiation strategy with its Quattro models available at several price points. Audi’s differentiation is safety, and it prices its various Quattro models (higher than Hyundai) to reach a large, stratified audience.• Kia has a more focused cost-leadership strategy. Kia mainly offers low-cost vehicles in the lower levels of model stratification.• Bugatti offers the most focused differentiation strategy of any in the industry (including Mercedes-Benz). |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: AnalysisDifficulty: 3 HardLearning Objective: 01.09 Compare and contrast Porter’s three generic strategies when choosing a business focus.Topic: Porter’s three generic strategies-choosing a business focus* |

|  |  |
| --- | --- |
| 72. | Explain how a company can add value by using Porter's value chain analysis.  Value chain analysis is a useful tool for determining how to create the greatest possible value for customers. The goal of value chain analysis is to identify processes in which the firm can add value for the customer and create a competitive advantage for itself, with a cost advantage or product differentiation. |

|  |
| --- |
| *AACSB: Reflective thinkingAACSB: Analytical ThinkingAccessibility: Keyboard NavigationBloom's: AnalysisDifficulty: 3 HardLearning Objective: 01.11 Recognise the role and challenges of information systems in the global world of business.Topic: Value chain analysis-executing business strategies* |

Chapter 01 - Testbank Summary

|  |  |
| --- | --- |
| *Category* | *# of Questions* |
| AACSB:  Communication | 1 |
| AACSB:  Reflective thinking | 72 |
| AACSB:  Technology | 9 |
| AACSB: Analytical Thinking | 62 |
| Accessibility: Keyboard Navigation | 72 |
| Bloom's: Analysis | 18 |
| Bloom's: Comprehension | 26 |
| Bloom's: Knowledge | 28 |
| Difficulty: 1 Easy | 29 |
| Difficulty: 2 Medium | 25 |
| Difficulty: 3 Hard | 18 |
| Learning Objective: 01.02 Describe the differences between data, information, business intelligence and knowledge. | 17 |
| Learning Objective: 01.03 Outline the common functional areas in an organisation. | 3 |
| Learning Objective: 01.04 Explain a systems-thinking approach in relationship to business. | 7 |
| Learning Objective: 01.05 Describe and compare the different roles and responsibilities in information technology. | 3 |
| Learning Objective: 01.07 Explain competitive advantages and the role IT plays in their achievement. | 7 |
| Learning Objective: 01.08 Describe and explain Porter’s Five Forces Model as an aid in understanding competition and forming business strategies. | 17 |
| Learning Objective: 01.09 Compare and contrast Porter’s three generic strategies when choosing a business focus. | 8 |
| Learning Objective: 01.10 Demonstrate how a company can add value by using value chain analysis. | 6 |
| Learning Objective: 01.11 Recognise the role and challenges of information systems in the global world of business. | 1 |
| Topic: A systems-thinking approach to information technology | 7 |
| Topic: Common functional areas in an organisation | 3 |
| Topic: Data, information, business intelligence and knowledge | 17 |
| Topic: Identifying competitive advantages | 10 |
| Topic: People: roles and responsibilities in information technology | 3 |
| Topic: Porter’s Five Forces Model-evaluating industry attractiveness | 17 |
| Topic: Porter’s three generic strategies-choosing a business focus | 11 |
| Topic: Value chain analysis-executing business strategies | 4 |