



RESIT/SUPPLEMENTARY EXAMINATIONS: 2016/2017

DEPARTMENT OF MARKETING
SBMK 301 (OR BMMK 301)
MANAGEMENT INFORMATION FOR MARKETING (3 CREDITS)

24TH AUGUST, 2017
2½ HOURS

STUDENT ID No.....

INSTRUCTIONS

SECTION A

Answer **ALL** questions from this section (Answers should be provided in the answer booklet)

SECTION B

Answer **ALL** questions from this section (Answers should be provided in the answer booklet)

SECTION C

Answer **ONE** question from this sections (Answers should be provided in the answer booklet)

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THE INVIGILATOR**

SECTION A (50 MARKS)

Each of the questions has four answer choices. For each of these questions, select the **best** of the answer choices given. Write the right in your answer booklet i.e. A, or B, or C, or D. Answer **ALL** questions from this section

1. An example of long term financial tool is
 - A. Net present value technique
 - B. Cost-volume-profit analysis
 - C. Margin-of-safety technique
 - D. Marginal costing

2. The ratio of current assets less stocks to current liabilities is known as:
 - A. Return on assets
 - B. Return on liabilities
 - C. Current ratio
 - D. Quick ratio

3. Marketing managers need information to carry out the following activities, **except**:
 - A. Introduce products
 - B. Plan budgets
 - C. Plan layoff
 - D. Undertake promotional activity

4. What name is given to quantitative analysis tool that allows management to simultaneously manage capacity and demand with goal of maximizing profit?
 - A. Yield management
 - B. Yield assessment
 - C. Demand management
 - D. Demand assessment

5. Which of the following statements about inadequate forecasting are true?
 - I. Excessive material cost
 - II High expediting costs
 - III Lost revenues
 - A. I and II
 - B. I and III
 - C. II and III
 - D. I, II and III

6. Here is list of steps involved in the forecasting process. Which step should occur first?
 - A. Establish a time horizon
 - B. Select a forecasting technique
 - C. Determine the purpose of the forecast
 - D. Monitor the forecast

Use this information to answer questions 22 and 24

A forecasting method you have been using to predict the number of daily calls into a call center is shown in the following table along with the actual demand that occurred.

<u>Forecast</u>	<u>Actual</u>
800	900
850	1,000
950	1,050
950	900
1,000	900

7. Compute the mean absolute deviation (MAD);
- A. 100
 - B. 110
 - C. 120
 - D. 150
8. Calculate running sum of forecast error
- A. - 150
 - B. 150
 - C. - 200
 - D. 200
9. Determine the tracking signal
- A. 1.2
 - B. 1.5
 - C. 2.0
 - D. 2.2
10. An example of an internal party user of financial information of a firm is:
- A. Unions
 - B. Shareholders
 - C. Creditors
 - D. Bond holders
11. Break-even analysis assumes that over the relevant range:
- A. Total fixed costs are nonlinear
 - B. Unit revenues are nonlinear
 - C. Unit variables are unchanged
 - D. Total costs are unchanged

12. To obtain the break-even point stated in terms of Ghana cedis of sales, total fixed expenses are divided by which of the following?

- A. Variable cost per unit
- B. Fixed cost per unit
- C. Variable cost per unit \div sales price per unit
- D. (Sales per unit - variable cost per unit) \div sales price unit

13. The most likely strategy ABC Ltd which deals in Electronic products would adopt to reduce its break-even point, would be to:

- A. Increase both the fixed costs and the contribution margin
- B. Decrease both the fixed costs and the contribution margin
- C. Increase the fixed costs and decrease the contribution margin
- D. Decrease the fixed costs and increase the contribution margin

14. The level of output above the break-even point which provides a measure of the output range within which profit is made is referred to as:

- A. Margin-of-safety
- B. Relevant range
- C. Contribution
- D. Marginal range

15. A storage operation of data processing involves:

I. Index II. Retrieve III. Protect IV. Update

- A. I and II only
- B. I and III only
- C. I, II and IV only
- D. I, III and IV only

16. The ability of a given market to absorb everything an entire industry may produce over a specific period of time is known as:

- A. Sales forecast
- B. Sales potential
- C. Market potential
- D. Market forecast

17. All the following are examples of time series technique, **except**:

- A. Leading indicators
- B. Trend projection
- C. Exponential smoothing
- D. Naïve method

18. All the following are reasons why it may be impossible for firms to achieve full sales potential in any given market, **except**

- A. Production constraints
- B. Strong competition
- C. High data requirement
- D. Insufficient return on investment

19. Time horizon for exponential forecasting technique is

- A. Medium range
- B. Long range
- C. Short range
- D. All the above

20. Which of the following is **not** a measure of forecast error?

- A. Running sum of forecast error
- B. Standard deviation
- C. Mean square error
- D. Mean forecast error

21. Which of the following is **not** qualitative forecasting technique?

- A. Historical analyses
- B. Sales force composite
- C. Moving average
- D. Customer surveys

22. The forecasting technique in which experts' answer a series of questions (anonymously), receive feedback, and revise estimated is called:

- A. Executive opinion
- B. Delphi technique
- C. Trend projection
- D. Decomposition technique

Use this information to answer questions 23 and 24

From past history, the number of customers who have eaten lunch at Edom's restaurant for the six Fridays is:

<u>Date</u>	<u>Number Of Customers</u>
Six Fridays ago	120
Five Fridays ago	110
Four Fridays ago	100
Three Fridays ago	130
Two Fridays ago	180
Last Friday	120

23. With the following weights, use a weighted moving average to forecast the number of customers for next Friday's lunch

<u>Date</u>	<u>Weight</u>
Three Fridays ago	0.20
Two Fridays ago	0.45
Last Friday	0.35

- A. 143 customers
- B. 145 customers
- C. 149 customers
- D. 151 customers

24. Using single exponential smoothing with $\alpha = 0.2$ and a forecast for last Friday's lunch of 110 customers, estimate the forecast for next Friday's lunch.

- A. 112 customers
- B. 124 customers
- C. 125 customers
- D. 130 customers

25. Using simple linear regression, calculate the regression equation for the data presentation above. Assume y represents number of customers and x day in Fridays

- A. $y = 6.9x - 102.7$
- B. $y = 6.9x + 102.7$
- C. $y = 102.7x - 6.9$
- D. $Y = 14.9X + 52.5$

26. Using the regression equation in Q 10, determine the forecast for next Friday's lunch

- A. 157 customers
- B. 147 customers
- C. 151 customers
- D. 141 customers

27. The earnings attributable to shareholders divided by the number of shares in issues are referred to as:

- A. Price-earning ratio
- B. Dividend per share
- C. Dividend payout ratio
- D. Earning per share

28. Profitability ratios test the effectiveness of the following:

- I. The firm's ability to control cost
- II. The firm's pricing policies
- III. The efficiency of use of the firm's assets

- A. I and II only
- B. I and III only
- C. II and III only
- D. I, II and III

29. The asset utilization ratio which measures how fast the firm turns over its inventory is known as:

- A. Fixed asset turnover ratio
- B. Stock turnover ratio
- C. Total asset turnover ratio
- D. Sales revenue ratio

30. When ratios are used to make comparisons within the same firm for different time periods, it is termed:

- A. Intra-firm comparison
- B. Inter-firm comparison
- C. Comparison with budgets
- D. Comparison with forecasts

31. At the break-even point, contribution equals:

- A. Sales revenue
- B. Selling expenses
- C. Variable costs
- D. Fixed costs

32. If manufacturing company's margin-of-safety is 15%, then it means that if:
- A. Production falls below 15% of the maximum capacity; the company will start making loss
 - B. Production rise above 15% of the maximum capacity; the company will start making profit
 - C. Production falls below 15% of the minimum capacity; the company will start making loss
 - D. Production rise above 15% of the minimum capacity, the company will start making profit.
33. The financial indicator of performance that measures the ability of the firm to meet its short-term financial obligations as and when they fall due is called:
- A. Efficiency ratios
 - B. Leverage ratios
 - C. Liquidity ratios
 - D. Average payment ratio
34. The shorter length of time of average collection period means:
- A. Loose credit control policy
 - B. Tight credit control policy
 - C. Creditors are hard on the firm to pay quickly
 - D. Creditors are being considerate to the firm for payment
35. Forecasts that use subjective inputs such as opinions from managers, experts, consumers surveys and staff is called:
- A. Naïve forecast
 - B. Judgmental forecast
 - C. Personal Forecast
 - D. Scenario planning
36. The qualitative characteristic of information which improves decision making process is known as:
- A. Accuracy
 - B. Relevance
 - C. Timelines
 - D. Verifiability
37. An example of operational information is:
- A. Manpower changes
 - B. Outstanding and overdue purchase order
 - C. Production resource requirements
 - D. Market penetration figures

38. What name is given to the type of information value which is concerned with statistical and probability theory?

- A. Subjective value
- B. Objective value
- C. Empirical value
- D. Normative value

39. According to Wilson (2002), the role of marketing information that attempts to determine the outcome of marketing actions is referred to as:

- A. Descriptive information
- B. Diagnostic information
- C. Projective information
- D. Predictive information

40. All of the following are key ingredients of good marketing information system in any given organization, **except**

- A Internal records
- B External records
- C Marketing research system
- D Marketing intelligence system

41. Which of the following is **not** a key task of systems development phase of Systems Life Cycle?

- A. Training users
- B. Acquiring hardware
- C. Testing the system
- D. Developing software

42. In the context of systems implementation, the conversion process in which operating the old and new systems side by side until the new one proves its worth is called:

- A. Phased approach
- B. Parallel approach
- C. Pilot approach
- D. Direct approach

43. In the context of knowledge management, expertise that is held by people within an organization that has not been formally documented is called:

- A. Explicit knowledge
- B. Tacit knowledge
- C. Knowledge asset
- D. Superior knowledge

44. An example of knowledge-related business outcome is

- A. Marketing information system
- B. Knowledge regarding markets
- C. Performance measurement
- D. Service innovation

Use this information to answer question 45 and 47

Joy Ltd sells in body care products in units. The following information pertains to Joy Ltd cost – volume – profit relationships.

Selling price per unit	=	GH¢7.00
Marginal cost	=	GH¢3.00
Total fixed expenses	=	GH¢80,000
Budgeted sales	=	50,000 units

45. Joy's break-even point in units is:
- A. 8,000
 - B. 11,429
 - C. 20,000
 - D. 26,667
46. Calculate the margin-of-safety as percentage of budgeted sales.
- A. 40 %
 - B. 46 %
 - C. 50 %
 - D. 60 %
47. Assume that Joy Ltd intends to make a profit of GH¢ 60,000 per annum, how many units would Joy have to sell?
- A. 30,000 units
 - B. 35,000 units
 - C. 40,000 units
 - D. 45,000 units
48. If the taxation rate is 25%, estimate the number of units Joy Ltd needs to sell to make a target profit GH¢30,000.
- A. 50,000 units
 - B. 30,000 units
 - C. 27,500 units
 - D. 25,625 units
49. Which of the following statements about Running Sum of forecast Error (RSFE) are true?
- I. Positive RSFE indicates model that tends to under estimate demand.
 - II RSFE is an accumulation of all errors, both over and under.
 - III.RSFE approaches zero means the forecast model is unbiased.
- A. I and II only
 - B. I and III only
 - C. II and III only
 - D. I, II and III
50. The forecast error which occurs when a consistent mistake is made, that is the forecast is always too high or low is called:
- A. Biased error
 - B. Random error
 - C. Absolute deviation
 - D. Cumulative deviation

SECTION B (25 Marks)

Answer ALL questions from this section. Answer this section in your answer booklet

- Q1. Define and clearly explain the difference between data and information.
You should illustrate your answer with examples from sales and marketing (6 marks).
- Q2. Explain briefly what is meant by bias errors in forecasting and indicate **four** sources of this type of error (7 Marks).
- Q3. State any four limitations of financial ratios (6 Marks).
- Q4. Explain any **four** ways by which customer database enables marketing managers to improve upon their decision making (6 marks).

SECTION C (25 Marks)

Answer ONE question only from this section

Q5. You are the Assistant Marketing Manager of a large Fruit Juice manufacturing company, and during your last inter-departmental meeting you suggested the use of Delphi technique of forecasting to estimate sales forecast, because it overcomes the problems of personal interaction of panel method currently used to forecast sales, and indicated that is quite an accurate technique of forecasting.

Required:

The Director of Marketing of your company has asked you to make a presentation, in the context of business operations, at the next inter-departmental meeting which describes how the concept of Delphi technique can be used to undertake sales forecast and also state its limitations. (25 Marks)

Q6. ABA Ltd Marketing and Finance departments have provided the following data with regard to two options, namely: product innovation to develop its own global brand and obtaining the license to develop games based on movies and sport.

	New Innovative Game	Licensed Game
Selling price per unit	GH¢25	GH¢30
Production cost per unit	GH¢6	GH¢8
Distribution cost per unit	GH¢4	GH¢2
Licensing cost per unit	-	GH¢6
Fixed expenses	GH¢900,000	GH¢650,000
Estimated maximum sale	95,000 units	65,000 units

Required:

Using Cost-Profit-Volume (CVP) analysis, evaluate the two options outlined, and advice ABA Ltd of the strategic implication they need to consider in making their decision (25 marks).