

**KING FAHD UNIVERSITY OF PETROLEUM AND MINERALS**  
**College of Industrial Management**  
**Department of Management & Marketing**

First Semester 2007-2008 (071)

MKT400- Industrial Marketing

Mid- Term Examination 1

Time Allowed: 1 Hour

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Name of Student:.....

Student ID No.....

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**GENERAL INSTRUCTIONS:** *The paper is divided into three sections (A, B and C). Students are asked to attempt all questions in SECTIONS A and B for 10 Marks and select **ONE** question out of 2 for 10 Marks in SECTION C.*

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**SECTION A:** *This section consists of **multiple-choice questions**. Attempt all questions for 5 marks*

1. When a company purchases a product or service to be included in its own final product, the company is called a (n) \_\_\_\_\_
  - a) User
  - b) Agency
  - c) Institution
  - d) Original Equipment Manufacturer
  
2. Which of these entities is it likely to have a very frustrating and complex purchasing process?
  - a) Hospitals
  - b) Government Agencies
  - c) Charitable Organizations
  - d) Colleges
  
3. A Product sold to be used in the company's operations but is not part of the final product is often called
  - a) raw material
  - b) Components part
  - c) MRO item
  - d) Capital equipment
  
4. Which of the following theories suggest that people behave within a set of norms or expectations due to the situation in which they are placed?
  - a) Behaviour Choice Theory
  - b) Reward measurement Theory
  - c) Role Theory
  - d) Buying determinant theory

5. \_\_\_\_\_ is the perception of how the buyer benefited beyond what was paid or invested in the product.

- a) Leverage
- b) Positioning
- c) Demand
- d) Value

6. In relationship development, which of these stages is a company likely to outsource or spin off its internal function to an outside provider

- a) Awareness Stage
- b) Exploration Stage
- c) Expansion Stage
- d) Dissolution Stage

7. The approach in which a buyer reduces its dependence on the supplier by cultivating relationship with other exchange partners is know as \_\_\_\_\_

- a) Contracts
- b) Supplier pledge
- c) House Calls
- d) Dependence balancing

8. Which of the following defines the concept of shipping products such that they arrive at the customer's location exactly when needed?

- a) Electronic Data Interchange
- b) Just-in-Time
- c) Concurrent Manufacturing
- d) Supply Chain Management

9. When a company buys in larger quantities than are currently needed because the discount is greater than the carrying cost, this type of purchase is called:

- a) Value analysis
- b) Outsourcing
- c) Forward buying
- d) Buy-class

10. Buying centers are more likely to occur when risk associated with the decision is great. Which of the following cannot be perceived as a source of risk?

- a) Financial risk
- b) Performance risk
- c) Probability risk
- d) Social risk

**SECTION B:** This section consists of **True or False questions**. Attempt all questions for 5 marks

1. In business marketing, the user of a raw material can be the final consumer
  - a) True
  - b) False
  
2. Another term for original equipment manufacturer is MRO items
  - a) True
  - b) False
  
3. Accessory equipment facilitates the company's achievement of its objectives but is not part of the final product.
  - a) True
  - b) False
  
4. Demand for business products always operate in the same fashion as demand for consumer goods
  - a) True
  - b) False
  
5. A strategic partnership results when both parties do not have keen interests in maintaining an ongoing exchange
  - a) True
  - b) False
  
6. Corporate relationship are safeguarded relationship because contracts or structural and technical ties bond the parties to the ongoing exchange
  - a) True
  - b) False
  
7. In the real world, the terms relationship and strategic partnership often convey trendy images of managerial intentions more than actions
  - a) True
  - b) False
  
8. The purchase price of a product is not the only cost that the purchasing department must contend with.
  - a) True
  - b) False
  
9. The degree of importance or value attached to reward a buyer receives from a purchase (valence) does not vary from person to person
  - a) True
  - b) False
  
10. A purchasing process designed to maximize gains through saving the company some money or making a name for oneself as an innovator would be a defensive strategy
  - a) True
  - b) False







