

Chapter 1 Introduction to Relationship Selling

Multiple Choice

1. The practice of giving your customers many reasons not to switch to competitors is known as:
- A) Building customer loyalty.
 - B) Selling based on price.
 - C) Making the most profit.
 - D) Earning the highest commission.

Answer: A Difficulty: medium Page: 5

2. Securing, building, and maintaining long-term relationships with profitable customers are the goals goal of:
- A) Expectancy theory
 - B) Relationship selling
 - C) Expertise
 - D) Service

Answer: B Difficulty: medium Page: 5

3. The net bundle of benefits customers derive from the product you are selling is called the:
- A) CRM scope.
 - B) Competitive offering.
 - C) Value proposition.
 - D) Customer delight

Answer: C Difficulty: easy Page: 5

4. Which of the following is an example of an external customer mindset?
- A) I must understand the needs of my company.
 - B) It is critical to provide value to my company.
 - C) I am primarily interested in satisfying my company.
 - D) I must understand who buys my company's products and services.

Answer: D Difficulty: hard Page: 6

5. Brenda is the manager for the local burger-whopper fast food outlet. She wants to increase employee internal customer mindset. Which of the following would she stress?
- A) Customers who receive my work are my employees.
 - B) Meeting the needs of employees who receive my work is their problem.
 - C) It is important to receive feedback from employees who receive my work.
 - D) It is not my job to focus on the requirements of those who receive my work.

Answer: C Difficulty: hard Page: 6

Chapter 1 Introduction to Relationship Selling

6. Which of the following is one of the customer selling mistakes to avoid?

- A) Being empowered to handle situations right away.
- B) Knowing too much about the customer's business.
- C) Bringing problems, not solutions.
- D) Not visiting a customer unless you have something of value to share.

Answer: B Difficulty: hard Page: 8

7. The idea that customers provide long-term rewards to a sales organization is called the:

- A) Due diligence profitability model.
- B) Lifetime value of a customer.
- C) Customer orientation ratio.
- D) Return on corporate sales effort.

Answer: B Difficulty: medium Page: 7

8. Tara sells customized software. She often spends considerable time and effort listening to customers and learning about their problems. Tara is involved in _____ selling.

- A) Transactional
- B) Reflective
- C) Consultative
- D) Enterprise

Answer: C Difficulty: medium Page: 9

9. Natalie represents medical office management systems. She frequently consults with clients, redesigning systems and using the technical expertise of her firm to address the strategic needs of her customers. Natalie is involved in _____ selling.

- A) Transactional
- B) Reflective
- C) Consultative
- D) Enterprise

Answer: D Difficulty: medium Page: 9

10. Glen and forty other students are trying to sell tickets to the university's basketball game.

Glen is involved in _____ selling.

- A) Transactional
- B) Relationship
- C) Consultative
- D) Enterprise

Answer: A Difficulty: medium Page: 9

Chapter 1 Introduction to Relationship Selling

11. While transactional selling works to reduce _____, relationship selling works to add _____.

- A) Value; price
- B) Costs; value
- C) Ethics; price
- D) Value; costs

Answer: B Difficulty: hard Page: 10

12. Kathy is involved in transactional selling. Compared to value-added selling she will spend more time _____ and less time _____.

- A) Closing the sale; developing an understanding of the buyer's needs.
- B) Presenting her solution; closing the sale.
- C) Developing an understanding of the buyer's needs; closing the sale.
- D) Developing an understanding of the buyer's needs; presenting her solution.

Answer: A Difficulty: hard Page: 10

13. The moral principles and standards that guide sales peoples' behavior is their:

- A) Understanding of the law.
- B) Value proposition position.
- C) Ethics.
- D) Autonomy.

Answer: C Difficulty: easy Page: 10

14. Customers who need to be in control, want to define what they need, and seek the best price encourage sales people to engage in _____ selling.

- A) Transactional
- B) Relationship
- C) Consultative
- D) Enterprise

Answer: A Difficulty: medium Page: 11

15. Loren tells his customer that his product will definitely outperform competitors' offerings. What Loren is doing may be _____ but considered _____ by customers.

- A) Ethical; legal
- B) Unethical; ethical
- C) Legal; unethical
- D) Illegal; legal

Answer: C Difficulty: medium Page: 11

Chapter 1 Introduction to Relationship Selling

16. In selling, ethical dilemmas typically occur between sales people and:

- A) Customers.
- B) Sales managers.
- C) Criminal courts.
- D) Customers and sales managers.

Answer: D Difficulty: easy Page: 11-12

17. _____ plays a major role in using information to manage customer relationships.

- A) Persuasion.
- B) Technology
- C) Communication
- D) Persuasive communication

Answer: B Difficulty: medium Page: 7

18. Stereotypical used car sales people communicate using the _____ message.

- A) Persuasive relationship
- B) Hard sell
- C) Soft sell
- D) Hand-holding

Answer: B Difficulty: easy Page: 12

19. In relationship selling, the hard sell message is replaced by a communication approach of:

- A) Role playing dialogue.
- B) Lifetime customer contact.
- C) Mutual problem solving.
- D) CRM technical analysis.

Answer: C Difficulty: medium Page: 12

20. Another name for problem solving selling is _____ selling.

- A) Transactional
- B) Expectancy
- C) Follow-up
- D) Solution

Answer: D Difficulty: easy Page: 12

Chapter 1 Introduction to Relationship Selling

21. Hylana has been selling textbooks for years. She knows instructors will often have objections concerning:

- A) Price.
- B) Delivery.
- C) Timing.
- D) All of the choices are correct.

Answer: D Difficulty: easy Page: 13

22. Because Tyler has developed trust and rapport with his customers, it takes some of the pressure off:

- A) Prospecting.
- B) Qualifying.
- C) The “close.”
- D) Compensation.

Answer: C Difficulty: medium Page: 13

23. Diana works hard to maintain relationships with her customers. She knows _____ is critical in this area of relationship selling.

- A) Follow-up
- B) Prospecting
- C) Closing
- D) Internal qualifying

Answer: A Difficulty: medium Page: 13

24. The strategy of “under promise and over deliver” can result in:

- A) Objection contraction.
- B) Customer delight.
- C) Persuasive autonomy.
- D) Expectancy turnover.

Answer: B Difficulty: medium Page: 13

25. Overpromising to get an initial sale may work once in _____ selling.

- A) Transactional
- B) Expectancy
- C) Follow-up
- D) Solution

Answer: A Difficulty: medium Page: 13

Chapter 1 Introduction to Relationship Selling

26. Which of the following is true?

- A) There is a strong correlation between long-term business success and short-term customer relationships.
- B) In the retention stage of the customer life cycle, increasing the value of each existing customer is the objective.
- C) In the growth stage of the customer life cycle, a company retains its customers by delivering on its value proposition.
- D) Customer selection and acquisition is just the beginning of the customer life cycle.

Answer: D Difficulty: hard Page: 14

27. One of the characteristics that make sales jobs attractive is:

- A) Pressure.
- B) Customer delight.
- C) Autonomy.
- D) All of the choices are correct.

Answer: C Difficulty: easy Page: 15

28. Because she has considerable autonomy, Marla will have to decide:

- A) How to organize her job.
- B) Her sales territory route.
- C) How to prioritize customers.
- D) All of the choices are correct.

Answer: D Difficulty: easy Page: 15

29. Henry has just been promoted to sales manager. Which of the following is NOT one of the issues he will likely have to address?

- A) Sales force compensation.
- B) Sales force training.
- C) Sales force strategic vision.
- D) Sales force evaluation.

Answer: C Difficulty: medium Page: 15

30. _____ theory holds that sales people will allocate their effort depending on the probability of that effort improving their performance and rewards.

- A) Determinism.
- B) Pre-destination.
- C) External evaluation.
- D) Expectancy.

Answer: D Difficulty: medium Page: 15

Chapter 1 Introduction to Relationship Selling

31. When a sales manager changes the incentive system used for rewarding employees, it will likely cause them to change their:

- A) Cadence.
- B) Effort.
- C) Customer delight.
- D) Cultural values.

Answer: B Difficulty: easy Page: 16

32. At least one major company rewards their sales staff based on the percentage of sales of the company's new products. This compensation strategy will influence salesperson:

- A) Drug awareness.
- B) Customer-orientation.
- C) Effort.
- D) Handling of objections.

Answer: C Difficulty: medium Page: 16

33. Wade is recruiting new sales personnel for relationship selling positions. He will look for people with:

- A) Fast talking skills.
- B) Ability to adapt to different situations.
- C) Ability to interact with people only at the highest levels of a customer's organization.
- D) Delegation skills.

Answer: B Difficulty: easy Page: 15

34. One reason companies train new sales personnel is to:

- A) Avoid on-the-job training costs.
- B) Avoid losing good customers due to the mistakes of unskilled sales people.
- C) Stimulate interest among competing firms.
- D) Minimize CRM costs.

Answer: B Difficulty: medium Page: 16

35. Sales training focuses on _____, while sales development focuses on _____.

- A) Careers; skills.
- B) Incentives; rewards.
- C) Skills; careers.
- D) Autonomy; ethics.

Answer: C Difficulty: hard Page: 16

Chapter 1 Introduction to Relationship Selling

36. Because salespeople are very results-oriented, sales managers spend considerable effort developing appropriate _____ systems.

- A) Compensation and incentive
- B) Correspondence and value
- C) Expectancy and cultural
- D) Mindset and objections handling

Answer: A Difficulty: easy Page: 16

37. In relationship selling sales force compensation and incentives are often more difficult to create and administer because relationship selling:

- A) Is more complex than transactional selling.
- B) Is often done with teams.
- C) Is more ethical than transactional selling.
- D) Requires less effort.

Answer: B Difficulty: medium Page: 17

38. The “selling environment” includes both the _____ and the _____ environment.

- A) Regulated; unregulated.
- B) Marketing; demarketing.
- C) Internal; external.
- D) Training; development

Answer: C Difficulty: easy Page: 17

39. Fiona has just been hired by IBT Company. One of the first things she will read in order to assess the corporate culture is the company's:

- A) Budget.
- B) Client review board report.
- C) Expected pro forma profitability analysis.
- D) Mission statement.

Answer: D Difficulty: easy Page: 17

40. As the vice president for sales, Carrie is assessing her company's internal sales environment. She will probably include _____ in her assessment.

- A) Human resources.
- B) Financial resources.
- C) Production capabilities.
- D) All of the choices are correct.

Answer: D Difficulty: easy Page: 18

Chapter 1 Introduction to Relationship Selling

41. Companies try to influence their _____ through political lobbying and public relations campaigns.

- A) External environments
- B) Internal environments
- C) Autonomous
- D) Relationships

Answer: A Difficulty: medium Page: 19

42. A sales manager who focuses all his or her energy on customers and the sales force may not notice changes in the company's:

- A) Internal environment.
- B) External environment.
- C) Customer satisfaction index.
- D) All of the choices are correct.

Answer: B Difficulty: hard Page: 19

43. Changes in the total potential demand for a product are assessed as part of a firm's _____ environment.

- A) Natural
- B) Social and cultural
- C) Economic
- D) Technological

Answer: C Difficulty: easy Page: 20

44. Changes in the ethnic composition of a target market would be assessed as part of a firm's _____ environment.

- A) Natural
- B) Social and cultural
- C) Economic
- D) Technological

Answer: B Difficulty: easy Page: 19-20

45. Changes in communication systems allowing 24-hour per day ordering for customers around the world would be assessed as part of a firm's _____ environment.

- A) Natural
- B) Social and cultural
- C) Economic
- D) Technological

Answer: D Difficulty: easy Page: 20

Chapter 1 Introduction to Relationship Selling

46. Changes in how government views business mergers would be assessed as part of a firm's _____ environment.

- A) Natural
- B) Social and cultural
- C) Legal and political
- D) Technological

Answer: C Difficulty: easy Page: 21

47. One reason firms monitor world weather conditions is to assess how changes in weather affect the firm's _____ environment.

- A) Natural
- B) Social and cultural
- C) Legal and political
- D) Technological

Answer: A Difficulty: easy Page: 22

48. Most relationship selling is accomplished today by a combination of face-to-face communication and _____ communication.

- A) Electronic
- B) Mail
- C) Non-
- D) All of the choices are correct.

Answer: A Difficulty: easy Page: 21

49. During one of the recent housing booms, materials became quite scarce holding back completion of multi-million dollar projects. Building material supply companies had to manage:

- A) External environmental marketing.
- B) Lifetime value representation.
- C) Demarketing.
- D) Consumer expectancy management.

Answer: C Difficulty: medium Page: 22

50. The European Union is leading efforts to force companies to _____ products they sell.

- A) Differentiate
- B) Handle ethical objections to
- C) Improve international follow-up for
- D) Reuse or recycle

Answer: D Difficulty: medium Page: 22

Chapter 1 Introduction to Relationship Selling

True/False

51. The focus of much selling today is on securing, building, and maintaining short-term relationships with unprofitable customers.

Answer: False Difficulty: easy Page: 3

52. The net bundle of benefits the customer derives from a product being sold represents the “value” to the customer.

Answer: True Difficulty: medium Page: 5

53. “CRM” stands for Customer Reminder Management.

Answer: False Difficulty: easy Page: 5

54. “Employees who receive my work are my customers,” is an example of Internal Customer Mindset.

Answer: True Difficulty: easy Page: 6

55. A salesperson should stop by a customer’s office to socialize, even if it takes some of the customer’s time.

Answer: False Difficulty: medium Page: 8

56. Value can be described as a “give-get” ratio.

Answer: True Difficulty: easy Page: 7

57. Valerie often spends considerable time developing an understanding of her buyer’s needs before she presents her solution. Valerie is engaged in value-added selling.

Answer: True Difficulty: medium Page: 10

58. “Consultative” and “enterprise” are relationship-oriented approaches to selling.

Answer: True Difficulty: easy Page: 10

59. Ethics, in sales, is simply complying with the appropriate laws.

Answer: False Difficulty: easy Page: 11

60. Another name for problem-solving selling is solution selling.

Answer: True Difficulty: easy Page: 12

Chapter 1 Introduction to Relationship Selling

Essay

61. What is involved in becoming a customer-centric organization?

Difficulty: medium Page: 3

Answer:

A customer-centric organization focuses on securing, building, and maintaining long-term relationships with profitable customers.

62. _____ is defined as a salesperson's belief that understanding and satisfying customers, whether internal or external to the organization, is central to doing his or her job well.

Difficulty: medium Page: 6

Answer:

Customer mindset

63. Customers don't appreciate the "salesperson as a _____" explanation when something goes wrong.

Difficulty: medium Page: 8

Answer:

Victim.

64. In relationship selling, what is the "give-get" ratio?

Difficulty: medium Page: 7

Answer:

It is what each party gets compared to what they invest.

65. In what selling interactions do ethical dilemmas arise?

Difficulty: medium Page: 11-12

Answer:

Typically, ethical dilemmas can arise in the customer-sales person interaction and/or in the sales person-sales manager interaction.

66. Almost every sales person knows they will face customer objections. What types of objections should a sales person anticipate?

Difficulty: medium Page: 13

Answer:

Price, delivery, terms of agreement, and timing all are areas where customer objections occur.

Chapter 1 Introduction to Relationship Selling

67. How can effective follow-up support relationship selling?

Difficulty: hard Page: 13

Answer:

Effective follow-up improves customers' perceptions of service quality, customer satisfaction, retention, and loyalty.

68. You are considering a career in sales and know it involves considerable self-management. What self-management issues and questions will you likely have to address?

Difficulty: hard Page: 15

Answer:

Sales people typically determine how to organize their job, design and routing the sales territory, classifying and prioritizing customer potential, using technology to improve efficiency, and time management skills.

69. Part of successful selling involves understanding and support from the firm's internal environment. What are the components of a firm's internal environment?

Difficulty: hard Page: 18

Answer:

A firm's internal environment includes its:

Human resources

Financial resources

Production and supply-chain capabilities

Service capabilities

Research and development and technological capabilities

Goals, objectives, and culture

70. While using and managing a firm's internal environment can totally consume a manager's time and effort, changes in the firm's external environment can create opportunities and/or roadblocks. What are the five components of a firm's external environment they need to monitor?

Difficulty: medium Page: 20

Answer:

The five external components are:

Economic

Legal-political

Technological

Social-cultural

Natural

Chapter 1 Introduction to Relationship Selling

71. Why is value a central theme in relationship selling?

Difficulty: medium Page: 5

Answer:

Value is central to relationship selling strategies because it creates a new set of criteria on which a salesperson can base his or her sales. Sales strategies that are based solely on price have little chance of building long-term relationships with customers because it is very easy for competitors to match prices and lure customers away. Value, on the other hand, represents the entire bundle of benefits customers receive. Low price may or may not be part of the bundle, but it is no longer the only factor upon which customers make decisions.

72. The text states “in modern organizations, relationship selling and sales management is quite an integrated process.” What does sales integration entail?

Difficulty: hard Page: 5

Answer:

Sales integration involves finding the most efficient and effective way to manage customer relationships. This includes the use of technologies, gathering information, employing different selling strategies for different kinds of customers, and having a customer relationship management system in place that connects all who are involved in relationship selling.

73. How can a sales manager instill a customer orientation within his or her firm?

Difficulty: medium Page: 5-6

Answer:

To start, instill an organization-wide focus on understanding customers' requirements. Then, develop an understanding of the marketplace and disseminate that knowledge throughout the organization. Thirdly, align system capabilities within the organization to respond effectively with innovative, differentiated, need-satisfying products and services.

74. Highly effective salespeople practice certain strategies for success. List four of the seven in the text.

Difficulty: medium Page: 8

Answer:

1. Look to the customer for the solution
2. Be committed to presentation improvement.
3. Embrace new ideas.
4. Focus on helping.
5. Possess a vision and attitude focused on customer relationships.
6. Think of themselves as marketers.
7. Pull customers ever closer to a partnership model in business.

Chapter 1 Introduction to Relationship Selling

75. Compare the time investment at each stage of a sale in transactional versus value-added selling.

Difficulty: hard Page: 10

Answer:

During the developing an understanding of the buyer's need stage transactional selling invests relatively little time while value-added selling involves considerable time. Both selling strategies invest time in presenting solutions. In the closing the sale stage, transactional selling involves a considerable time investment because the trust and rapport has not been established, while in value-added selling the closing typically is a natural step in the relationship.