

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

1. An advertising agency that is set up, owned, and operated by the advertiser is called a(n):
  - A. client management firm
  - B. in-house agency
  - C. centralized system
  - D. full-service agency
  
2. A major reason for a client using a(n) \_\_\_\_\_ is to reduce advertising and promotion costs.
  - A. self-sufficient agency
  - B. client management system
  - C. in-house agency
  - D. full-service system
  
3. Companies who use a combination of in-house and outside agencies tend to use the external firms mostly for:
  - A. sales presentations
  - B. weekly circulars
  - C. direct mail pieces
  - D. creative and media services

4. A major reason why some companies choose to use an in-house agency is to:
  - A. maintain creative freshness
  - B. reduce advertising and promotions costs
  - C. better understand how advertising works
  - D. win advertising awards that will enhance the image of their brands
  
5. Lack of sufficient internal expertise and personnel growing stale while working on the same product might be reasons why a company might move away from:
  - A. a brand marketing system
  - B. an in-house agency
  - C. the use of full-service advertising agencies
  - D. the use of creative boutiques
  
6. A company that uses an in-house agency might turn its advertising and promotion tasks over to an outside agency to:
  - A. get more control over the advertising process
  - B. save money
  - C. get an objective, experienced outside look at its advertising situation
  - D. make coordination of the advertising and promotional process easier

7. Target's internal creative department handles the design of each of these elements EXCEPT:
- A. direct-mail pieces
  - B. branding initiatives
  - C. weekly circulars
  - D. in-store displays
8. Which of the following is assigned to Target's outside agencies?
- A. weekly circulars and in-store displays
  - B. branding and image-oriented communication
  - C. direct-mail pieces
  - D. promotions
9. Which of the following statements explains why an organization would want to use an outside advertising agency?
- A. An outside advertising agency saves money for the client.
  - B. An outside advertising agency helps the client gain more prestige and a better image.
  - C. An outside advertising agency has more knowledge of the brand's identity and its previous promotional activities.
  - D. An outside advertising agency provides the client with the services of highly skilled individuals who are experts in a number of areas including creative, media, and research.

10. Which of the following statements about advertising agencies is true?

- A. Agencies must be used since companies do not have the capabilities of developing their own advertising.
- B. Agencies are often used because of the skill, expertise, and experience they can offer in the advertising area.
- C. Most large, national advertisers use in-house agencies.
- D. Most large agencies offer only creative services to their clients.

11. Superagencies were formed:

- A. because advertisers were disenchanted with large agencies
- B. because advertisers wanted agencies who were flexible and responsive
- C. to save money for clients and lessen the need for competitive pricing
- D. so that agencies could provide their clients with integrated marketing communications services worldwide

12. International agencies formed by mergers and acquisitions of mid-sized agencies in order to provide integrated marketing communications services worldwide are called:

- A. superagencies
- B. multinational agencies
- C. integrated agencies
- D. full-service global firms

13. Which type of ad agency is most likely to assist the client in areas such as marketing strategy and research, campaign planning and execution, and media planning and buying?
- A. a creative boutique
  - B. a full-service agency
  - C. a media buying service
  - D. a collateral agency
14. A full-service agency offers its clients all of the following EXCEPT:
- A. full range of marketing, communication, and promotion services
  - B. research and creative development
  - C. human resources management
  - D. public relations expertise
15. An ad agency that offers its clients a complete range of marketing, communication, and promotion services is known as a(n):
- A. integrated marketing organization
  - B. media buying service
  - C. in-house agency
  - D. full-service agency

16. The communications link between the ad agency and its clients is:

- A. account services
- B. marketing services
- C. media
- D. creative services

17. The \_\_\_\_\_ is responsible for understanding the advertiser's marketing and promotional needs and interpreting them to agency personnel.

- A. account executive
- B. marketing specialist
- C. media specialist
- D. copywriter

18. The agency person who is the focal point of the agency-client relationship is the:

- A. media buyer
- B. product manager
- C. account executive
- D. brand manager

19. The function of gathering, analyzing, and interpreting information that will be useful in developing advertising is the responsibility of the agency's \_\_\_\_\_ department.

- A. production
- B. traffic
- C. research
- D. account management

20. Which of the following functions is NOT performed by the agency's research department?

- A. interpreting information to assist in advertising decision-making
- B. planning the creative and media strategies for the advertising campaign
- C. designing, executing, and interpreting primary research studies
- D. disseminating information to agency account planners

21. The \_\_\_\_\_ in an agency interacts with personnel from all disciplines and provides insights into consumers and how to communicate with them.

- A. media director
- B. traffic manager
- C. account planner
- D. account executive

22. The department in an advertising agency that is responsible for analyzing, selecting, and contracting for ad space or time that will be used to deliver its client's advertising message is the \_\_\_\_\_ department.

- A. public relations
- B. account services
- C. marketing research
- D. media

23. The \_\_\_\_\_ department is becoming an increasingly important part of the agency business as many large advertisers consolidate their media buying with one or a few agencies to save money and improve media efficiency.

- A. traffic
- B. media
- C. production
- D. product management

24. Since most of the client's ad budget is spent on media time and/or space, it is important that the media department:

- A. coordinates with the creative department to ensure that concepts are not too complex
- B. focuses on purchasing commercial time on the most popular shows
- C. develops a plan that communicates to the right audience in a cost-efficient manner
- D. creates a plan that utilizes the least expensive media vehicles

25. The \_\_\_\_\_ are the individuals who conceive the ideas for the ads and write the advertising message.

- A. copywriters
- B. art directors
- C. traffic coordinators
- D. account executives

26. The \_\_\_\_\_ is responsible for creating the visual portion of an ad such as layouts and the commercial storyboards.

- A. account executive
- B. product management department
- C. art department or art director
- D. copywriter

27. The growth of the Internet as a media vehicle has led to the need for all of the following, EXCEPT:

- A. a digital creative services department
- B. a renewed focus on traditional media
- C. the purchase of interactive firms by full-service agencies
- D. the coordination of digital and mass media advertising components

28. Which department within an advertising agency would assume the responsibility for hiring outside persons such as printers, engravers, photographers, or other vendors to turn a layout into a finished product?

- A. media department
- B. art department
- C. production department
- D. traffic department

29. The \_\_\_\_\_ department coordinates all phases of production to see that the ads are completed on time.

- A. media
- B. production
- C. art
- D. traffic

30. A \_\_\_\_\_ is an agency organizational structure in which each functional area is set up as a separate department. This structure is called on as needed to perform its specialty and serve all of the agency's clients.

- A. departmental system
- B. group system
- C. creative boutique
- D. matrix system

31. The Creative Ideas advertising agency handles each of its clients by assigning individuals from various departments to work together as a team on their accounts. The agency is using a \_\_\_\_\_ organizational structure.

- A. departmental system
- B. group system
- C. matrix system
- D. dedicated system

32. An advertising agency that wants its employees to develop expertise in servicing a variety of accounts should use a(n) \_\_\_\_\_ structure.

- A. group system
- B. creative boutique
- C. departmental system
- D. in-house agency

33. Which of the following is NOT a reason why an advertising agency might use a group system organizational structure? It would:

- A. allow agency personnel to become very knowledgeable about a particular client's market and business
- B. ensure continuity in servicing a particular account
- C. provide better pricing to a key client
- D. to provide superior service for its accounts

34. The traditional method of compensating ad agencies is with:

- A. the commission system
- B. the hourly billings
- C. the fee system
- D. the straight salary method

35. Agency compensation under the commission system is based on:

- A. the total number of hours worked
- B. a percentage of a client's marketing budget
- C. a specified percentage of any advertising time or space the agency purchases for its client
- D. a percentage of advertising production costs

36. Opponents of the agency commission system would argue that this system is not effective because a commission:

- A. keeps the emphasis on creative skills not the bottom-line.
- B. encourages agencies to recommend high media expenditures to increase their commission level.
- C. encourages agencies to limit their client's advertising expenditures.
- D. does not tie agency compensation to media costs.

37. The standard agency commission is:

- A. 15% of media time and space costs
- B. 15% added on to media time and space costs
- C. added on to the agency's media costs and personnel time
- D. a complex formula based on the type of media purchased

38. Which of the following statements about changes in the way advertising agencies are being compensated is true?

- A. Many agencies and their clients have developed some type of fee arrangement or cost-plus agreement for agency compensation.
- B. With the move toward integrated marketing services, it is likely that there will be a return to the commission system of compensation.
- C. From the viewpoints of both the client and the agency, the traditional commission system is much superior to negotiated commissions.
- D. Since most clients want their agencies to be in total charge of the integrated marketing communications process, they are willing to compensate them based on media commissions.

39. A major argument put forth by defenders of the commission system is that a commission:

- A. keeps the agencies from placing advertising in expensive media
- B. ties agency compensation to the inflation in media costs
- C. encourages agencies to use noncommissionable media such as direct mail
- D. keeps emphasis on agency competition on non-price factors like advertising quality

40. Critics argue that the use of \_\_\_\_\_ ties agency compensation to media costs.
- A. the objective-and-task compensation system
  - B. the fixed fee arrangement
  - C. the cost-plus agreement
  - D. the commission system
41. Which of the following is NOT a valid criticism of the commission compensation system for an ad agency?
- A. It is difficult to administer.
  - B. In periods of media cost inflation, the agency is disproportionately rewarded.
  - C. There is an incentive to avoid noncommissionable media.
  - D. Media costs do not relate directly to effort or expertise expended by agencies.
42. Under which type of compensation system might an agency be more inclined to recommend expensive media such as network television and national magazines to its clients?
- A. commission system
  - B. fee arrangement system
  - C. cost-plus system
  - D. incentive-based compensation system

43. An agency books television media space at a cost of \$1,000,000. The standard agency commission on this buy is:
- A. \$15,000
  - B. \$150,000
  - C. dependent upon the time of day the commercials run
  - D. dependent upon the actual shows in which the commercials run
44. An agency books television media space at a cost of \$1,000,000. If cash discounts do not apply, what price does the agency pay to the media company?
- A. \$985,000
  - B. \$1,150,000
  - C. \$850,000
  - D. \$1,000,000 and the client pays the agency commission
45. Why are negotiated commission structures becoming more common?
- A. to ensure that agencies do not make too much money
  - B. to consider the needs of clients as well as the amount of time and effort the agency spends on an account
  - C. to encourage agencies to cut back on buying network TV advertising for their clients
  - D. to support the creation of a transactional relationship between agency and client

46. Which of the following statements about agency commissions is true?
- A. Some leading agencies now receive average commissions of 8 to 10 percent.
  - B. Nearly all of the leading agencies still earn a 15 percent commission.
  - C. Most agencies are earning more of their income from fixed commissions as clients expand their IMC programs to include other forms of promotion.
  - D. Most agencies are unwilling to negotiate their commission rates.
47. What form of compensation is used to pay the advertising agency when the client's advertising program does not involve a large amount of media billings?
- A. a share of the profits
  - B. a negotiated fee
  - C. a rebate from the media
  - D. a 17.65 percent mark up on costs
48. Negotiated commission rates for advertising agencies:
- A. are designed primarily to benefit agencies
  - B. are rarely used by consumer-products advertisers
  - C. are becoming less common
  - D. are becoming more commonplace

49. A \_\_\_\_\_ is a type of compensation arrangement where an agency charges a client a fixed monthly amount of money for all of its services and credits media commissions against this monthly rate.

- A. fixed fee agreement
- B. negotiated commission
- C. cost-plus agreement
- D. fee-commission combination

50. Under the \_\_\_\_\_, the client agrees to pay the agency a fee based on the cost of its work plus some agreed-on profit margin.

- A. cost-plus arrangement
- B. media commission system
- C. incentive-based system
- D. fee-combination arrangement

51. Under the cost-plus compensation method, all of the following costs might be included in the calculation, EXCEPT:

- A. profit margin
- B. out-of-pocket expenses
- C. media costs
- D. agency self-promotion costs

52. Agencies that are reluctant to let clients see their internal cost figures are less likely to accept a:
- A. fixed-fee arrangement
  - B. cost-plus agreement
  - C. commission-based arrangement
  - D. incentive-based compensation agreement
53. Which of the following compensation methods should an advertiser adopt if its primary goal is to achieve efficiency and accountability?
- A. fixed-fee arrangement
  - B. fee-combination arrangement
  - C. commission-based arrangement
  - D. incentive-based compensation agreement
54. The Red River Valley advertising agency receives compensation from its clients based on how well it meets predetermined performance goals. Indicate the compensation method that best corresponds to this situation.
- A. fixed-fee
  - B. fee-commission
  - C. incentive-based
  - D. cost-plus system

55. Why would General Motors switch to an incentive-based compensation system with several of its agencies?
- A. to encourage their agencies to use more mass media advertising
  - B. to encourage their agencies to stop using network TV advertising
  - C. to save money on advertising and divert it to other business departments
  - D. to encourage its agencies to look beyond traditional mass media advertising and develop other ways of reaching consumers
56. The advertising remuneration process which rewards the agency based on the achievement of mutually agreed upon objectives is called:
- A. the cost-based system
  - B. the Performance by Results system
  - C. the fee-combination method
  - D. the advertising reward method
57. The Performance by Results system reflects three groups of performance measures. Which of the following is NOT one of those measures?
- A. comparison to previous year's communication budget
  - B. marketing communication effectiveness
  - C. overall business performance
  - D. agency process evaluation

58. Which of the following is NOT a measure of marketing communication effectiveness?

- A. brand awareness
- B. retail sales results
- C. brand image ratings
- D. advertising likability

59. The four behavioural objectives that are measures of marketing communication effectiveness are intent to purchase, trial, repeat purchase, and \_\_\_\_\_.

- A. viral media
- B. brand understanding
- C. brand loyalty
- D. positioning

60. Jenna sees a commercial for a new brand of toothpaste. She decides to consider it the next time she goes to the drug store. This is an example of which behavioural objective?

- A. retrieval
- B. sampling
- C. brand awareness
- D. intent to purchase

61. Which of the following is a business measure under the Performance by Results system?

- A. market share
- B. intent to purchase
- C. brand awareness
- D. productivity

62. A \_\_\_\_\_ audit of an agency focuses on factors such as costs, expenses, and payments to outside suppliers while a \_\_\_\_\_ audit focuses on factors such as the agency's efforts in planning, development, and implementing the advertising program.

- A. financial/qualitative
- B. results/process
- C. financial/creative
- D. qualitative/quantitative

63. Which of the following should a client's evaluation of its advertising agency's performance NOT take into account?

- A. performance of account representatives
- B. qualitative considerations, such as the quality of the agency's efforts in creative, media, etc.
- C. financial status of the agency
- D. market performance measures, such as sales and market share

64. Personality conflicts, unrealistic demands by clients, and personnel changes are all reasons why:
- A. it is difficult to measure the effectiveness of advertising campaigns
  - B. ad agencies lose clients
  - C. clients need to use more than one agency
  - D. planning and budgeting communication initiatives is difficult
65. Which of the following would NOT be a valid reason for switching advertising agencies?
- A. dissatisfaction over the quality of the advertising produced by the agency
  - B. conflicts over compensation policies
  - C. a change in research methodology
  - D. a stagnation or decline in sales of the product
66. Which of the following best describes an Agency-of-Record (AOR)?
- A. the previous agency who did work for a particular client
  - B. an agency that performs work on a project-by-project basis
  - C. an agency that is subcontracted by the client directly for a particular assignment
  - D. the primary agency whose foremost interest is in building the client's brand

67. Many full-service agencies include sales promotion, merchandising, direct marketing, PR and/or other \_\_\_\_\_.

- A. specialized services
- B. niche opportunities
- C. consumer needs
- D. organizational structures

68. One area where Canadian agencies have worked with creative boutiques is the development of messages targeted to \_\_\_\_\_.

- A. affluent markets
- B. innovators
- C. ethnic markets
- D. difficult customers

69. Creative boutiques are agencies that:

- A. limit their client service to creative planning and execution
- B. have resulted from advertisers wanting to save money in buying media space
- C. can perform the same functions as full-service agencies for their clients
- D. are used only when research is not important to marketing success

70. Independent companies that specialize in the purchase of radio and television time are known as:
- A. media measurement bureaus
  - B. mid-sized agencies
  - C. full-service agencies
  - D. media buying services
71. Because \_\_\_\_\_ purchase such large amounts of time and space, they receive large discounts.
- A. creative boutiques
  - B. full-service agencies
  - C. in-house agencies
  - D. media buying services
72. \_\_\_\_\_ are agencies that specialize in offering services, such as database management, direct mail, and creative and production capabilities.
- A. Creative boutiques
  - B. Sales promotion agencies
  - C. Direct-response agencies
  - D. Public relations firms

73. \_\_\_\_\_ specialize in the development and management of sweepstakes, refund and rebate offers, and incentive programs.
- A. Sales promotion agencies
  - B. Direct response agencies
  - C. Creative boutiques
  - D. Interactive agencies
74. A(n) \_\_\_\_\_ is the type of firm an organization would hire to develop and implement programs to manage the organization's publicity, image, and affairs with consumers and other relevant publics.
- A. public relations firm
  - B. advertising agency
  - C. media mix organization
  - D. direct-response agency
75. Marketers willing to increase message credibility and save media costs are more likely to use the services of a(n):
- A. public relations agency
  - B. direct-response agency
  - C. advertising agency
  - D. sales promotion agency

76. A typical direct-response agency is divided into three main departments:

- A. creative, media, and research
- B. account management, media, and research
- C. account management, creative, and media
- D. creative, media, and production

77. The brand manager for Carnation Evaporated Milk wishes to run a holiday cookie contest to find consumers' best recipes. The creator of the best recipe will win a trip to Paris, France. Most likely, Carnation will hire a(n) \_\_\_\_\_ to plan and execute the campaign.

- A. public relations firm
- B. advertising agency
- C. sales promotion agency
- D. contest house

78. Which of the following statements about the development of interactive media is NOT true?

- A. Traditional advertising agencies tend not to develop interactive media capabilities.
- B. Many marketers are using specialized interactive agencies to develop their interactive media.
- C. Interactive agencies range from smaller companies that specialize in website design and creation to full-service interactive agencies.
- D. Full-service interactive agencies provide various services including strategic consulting regarding the use of the Internet and online branding, technical knowledge, systems integration, and the development of e-commerce capabilities.

79. Many agencies are moving toward offering more integrated marketing communication (IMC) services:
- A. because they want to maintain control of the entire promotional process because it leads to more synergy among the various communication elements
  - B. even though it is less convenient for a client to coordinate all of its promotional efforts with one agency
  - C. because an agency with integrated marketing communication capabilities can create a number of different images of the product to appeal to all relevant publics
  - D. although effecting economies of scale and synergy is difficult, especially on large budget campaigns
80. Which of the following results were found in a series of interviews on agency-client relationships with executives from major Canadian marketers?
- A. The agency and client should maintain an arm's length separation so as not to influence the creative process.
  - B. Marketers believe they can help agencies in the relationship by being better clients through clear decision-making and solid marketing research.
  - C. Clients should not share sensitive and confidential information with the agency in case the relationship sours.
  - D. Stronger results were more often delivered by full-service agencies than by smaller boutique firms.

## 2 Key

1. An advertising agency that is set up, owned, and operated by the advertiser is called a(n):
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*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #1*

*Bloom's: Remember*

*Difficulty: Easy*

*Learning Objective: 02-01 Identify the role of the advertising agency and the services it provides.*

2. A major reason for a client using a(n) \_\_\_\_\_ is to reduce advertising and promotion costs.
- A. self-sufficient agency
  - B. client management system
  - C. in-house agency**
  - D. full-service system

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #2*

*Bloom's: Remember*

*Difficulty: Easy*

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3. Companies who use a combination of in-house and outside agencies tend to use the external firms mostly for:

- A. sales presentations
- B. weekly circulars
- C. direct mail pieces
- D.** creative and media services

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #3*

*Bloom's: Understand*

*Difficulty: Moderate*

*Learning Objective: 02-01 Identify the role of the advertising agency and the services it provides.*

4. A major reason why some companies choose to use an in-house agency is to:

- A. maintain creative freshness
- B.** reduce advertising and promotions costs
- C. better understand how advertising works
- D. win advertising awards that will enhance the image of their brands

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #4*

*Bloom's: Understand*

*Difficulty: Easy*

*Learning Objective: 02-01 Identify the role of the advertising agency and the services it provides.*

5. Lack of sufficient internal expertise and personnel growing stale while working on the same product might be reasons why a company might move away from:

- A. a brand marketing system
- B.** an in-house agency
- C. the use of full-service advertising agencies
- D. the use of creative boutiques

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #5*

*Bloom's: Understand*

*Difficulty: Moderate*

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6. A company that uses an in-house agency might turn its advertising and promotion tasks over to an outside agency to:

- A. get more control over the advertising process
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- C.** get an objective, experienced outside look at its advertising situation
- D. make coordination of the advertising and promotional process easier

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #6*

*Bloom's: Understand*

*Difficulty: Moderate*

*Learning Objective: 02-01 Identify the role of the advertising agency and the services it provides.*

7. Target's internal creative department handles the design of each of these elements EXCEPT:
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  - B. branding initiatives**
  - C. weekly circulars
  - D. in-store displays

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #7*

*Bloom's: Remember*

*Difficulty: Easy*

*Learning Objective: 02-01 Identify the role of the advertising agency and the services it provides.*

8. Which of the following is assigned to Target's outside agencies?

- A. weekly circulars and in-store displays
- B. branding and image-oriented communication**
- C. direct-mail pieces
- D. promotions

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #8*

*Bloom's: Remember*

*Difficulty: Easy*

*Learning Objective: 02-01 Identify the role of the advertising agency and the services it provides.*

9. Which of the following statements explains why an organization would want to use an outside advertising agency?

- A. An outside advertising agency saves money for the client.
- B. An outside advertising agency helps the client gain more prestige and a better image.
- C. An outside advertising agency has more knowledge of the brand's identity and its previous promotional activities.
- D. An outside advertising agency provides the client with the services of highly skilled individuals who are experts in a number of areas including creative, media, and research.

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #9*

*Bloom's: Understand*

*Difficulty: Moderate*

*Learning Objective: 02-01 Identify the role of the advertising agency and the services it provides.*

10. Which of the following statements about advertising agencies is true?

- A. Agencies must be used since companies do not have the capabilities of developing their own advertising.
- B. Agencies are often used because of the skill, expertise, and experience they can offer in the advertising area.
- C. Most large, national advertisers use in-house agencies.
- D. Most large agencies offer only creative services to their clients.

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #10*

*Bloom's: Understand*

*Difficulty: Moderate*

*Learning Objective: 02-01 Identify the role of the advertising agency and the services it provides.*

11. Superagencies were formed:

- A. because advertisers were disenchanted with large agencies
- B. because advertisers wanted agencies who were flexible and responsive
- C. to save money for clients and lessen the need for competitive pricing
- D. so that agencies could provide their clients with integrated marketing communications services worldwide

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #11*

*Bloom's: Understand*

*Difficulty: Easy*

*Learning Objective: 02-01 Identify the role of the advertising agency and the services it provides.*

12. International agencies formed by mergers and acquisitions of mid-sized agencies in order to provide integrated marketing communications services worldwide are called:

- A. superagencies
- B. multinational agencies
- C. integrated agencies
- D. full-service global firms

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #12*

*Bloom's: Understand*

*Difficulty: Easy*

*Learning Objective: 02-01 Identify the role of the advertising agency and the services it provides.*

13. Which type of ad agency is most likely to assist the client in areas such as marketing strategy and research, campaign planning and execution, and media planning and buying?

- A. a creative boutique
- B.** a full-service agency
- C. a media buying service
- D. a collateral agency

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #13*

*Bloom's: Understand*

*Difficulty: Easy*

*Learning Objective: 02-01 Identify the role of the advertising agency and the services it provides.*

14. A full-service agency offers its clients all of the following EXCEPT:

- A. full range of marketing, communication, and promotion services
- B. research and creative development
- C.** human resources management
- D. public relations expertise

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #14*

*Bloom's: Understand*

*Difficulty: Easy*

*Learning Objective: 02-01 Identify the role of the advertising agency and the services it provides.*

15. An ad agency that offers its clients a complete range of marketing, communication, and promotion services is known as a(n):

- A. integrated marketing organization
- B. media buying service
- C. in-house agency
- D. full-service agency

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #15*

*Bloom's: Remember*

*Difficulty: Easy*

*Learning Objective: 02-01 Identify the role of the advertising agency and the services it provides.*

16. The communications link between the ad agency and its clients is:

- A. account services
- B. marketing services
- C. media
- D. creative services

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #16*

*Bloom's: Remember*

*Difficulty: Easy*

*Learning Objective: 02-01 Identify the role of the advertising agency and the services it provides.*

17. The \_\_\_\_\_ is responsible for understanding the advertiser's marketing and promotional needs and interpreting them to agency personnel.

- A. account executive
- B. marketing specialist
- C. media specialist
- D. copywriter

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #17*

*Bloom's: Understand*

*Difficulty: Moderate*

*Learning Objective: 02-01 Identify the role of the advertising agency and the services it provides.*

18. The agency person who is the focal point of the agency-client relationship is the:

- A. media buyer
- B. product manager
- C. account executive
- D. brand manager

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #18*

*Bloom's: Understand*

*Difficulty: Easy*

*Learning Objective: 02-01 Identify the role of the advertising agency and the services it provides.*

19. The function of gathering, analyzing, and interpreting information that will be useful in developing advertising is the responsibility of the agency's \_\_\_\_\_ department.
- A. production
  - B. traffic
  - C. research
  - D. account management

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #19*

*Bloom's: Understand*

*Difficulty: Easy*

*Learning Objective: 02-01 Identify the role of the advertising agency and the services it provides.*

20. Which of the following functions is NOT performed by the agency's research department?
- A. interpreting information to assist in advertising decision-making
  - B. planning the creative and media strategies for the advertising campaign
  - C. designing, executing, and interpreting primary research studies
  - D. disseminating information to agency account planners

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #20*

*Bloom's: Understand*

*Difficulty: Moderate*

*Learning Objective: 02-01 Identify the role of the advertising agency and the services it provides.*

21. The \_\_\_\_\_ in an agency interacts with personnel from all disciplines and provides insights into consumers and how to communicate with them.

- A. media director
- B. traffic manager
- C. account planner
- D. account executive

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #21*

*Bloom's: Understand*

*Difficulty: Easy*

*Learning Objective: 02-01 Identify the role of the advertising agency and the services it provides.*

22. The department in an advertising agency that is responsible for analyzing, selecting, and contracting for ad space or time that will be used to deliver its client's advertising message is the \_\_\_\_\_ department.

- A. public relations
- B. account services
- C. marketing research
- D. media

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #22*

*Bloom's: Remember*

*Difficulty: Easy*

*Learning Objective: 02-01 Identify the role of the advertising agency and the services it provides.*

23. The \_\_\_\_\_ department is becoming an increasingly important part of the agency business as many large advertisers consolidate their media buying with one or a few agencies to save money and improve media efficiency.

- A. traffic
- B. media**
- C. production
- D. product management

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #23*

*Bloom's: Understand*

*Difficulty: Moderate*

*Learning Objective: 02-01 Identify the role of the advertising agency and the services it provides.*

24. Since most of the client's ad budget is spent on media time and/or space, it is important that the media department:

- A. coordinates with the creative department to ensure that concepts are not too complex
- B. focuses on purchasing commercial time on the most popular shows
- C. develops a plan that communicates to the right audience in a cost-efficient manner**
- D. creates a plan that utilizes the least expensive media vehicles

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #24*

*Bloom's: Understand*

*Difficulty: Easy*

*Learning Objective: 02-01 Identify the role of the advertising agency and the services it provides.*

25. The \_\_\_\_\_ are the individuals who conceive the ideas for the ads and write the advertising message.

- A. copywriters
- B. art directors
- C. traffic coordinators
- D. account executives

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #25*

*Bloom's: Remember*

*Difficulty: Easy*

*Learning Objective: 02-01 Identify the role of the advertising agency and the services it provides.*

26. The \_\_\_\_\_ is responsible for creating the visual portion of an ad such as layouts and the commercial storyboards.

- A. account executive
- B. product management department
- C. art department or art director
- D. copywriter

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #26*

*Bloom's: Remember*

*Difficulty: Easy*

*Learning Objective: 02-01 Identify the role of the advertising agency and the services it provides.*

27. The growth of the Internet as a media vehicle has led to the need for all of the following, EXCEPT:

- A. a digital creative services department
- B. a renewed focus on traditional media
- C. the purchase of interactive firms by full-service agencies
- D. the coordination of digital and mass media advertising components

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #27*

*Bloom's: Understand*

*Difficulty: Moderate*

*Learning Objective: 02-01 Identify the role of the advertising agency and the services it provides.*

28. Which department within an advertising agency would assume the responsibility for hiring outside persons such as printers, engravers, photographers, or other vendors to turn a layout into a finished product?

- A. media department
- B. art department
- C. production department
- D. traffic department

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #28*

*Bloom's: Understand*

*Difficulty: Easy*

*Learning Objective: 02-01 Identify the role of the advertising agency and the services it provides.*

29. The \_\_\_\_\_ department coordinates all phases of production to see that the ads are completed on time.

- A. media
- B. production
- C. art
- D. traffic

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #29*

*Bloom's: Remember*

*Difficulty: Easy*

*Learning Objective: 02-01 Identify the role of the advertising agency and the services it provides.*

30. A \_\_\_\_\_ is an agency organizational structure in which each functional area is set up as a separate department. This structure is called on as needed to perform its specialty and serve all of the agency's clients.

- A. departmental system
- B. group system
- C. creative boutique
- D. matrix system

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #30*

*Bloom's: Understand*

*Difficulty: Moderate*

*Learning Objective: 02-01 Identify the role of the advertising agency and the services it provides.*

31. The Creative Ideas advertising agency handles each of its clients by assigning individuals from various departments to work together as a team on their accounts. The agency is using a \_\_\_\_\_ organizational structure.

A. departmental system

B. group system

C. matrix system

D. dedicated system

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #31*

*Bloom's: Apply*

*Difficulty: Moderate*

*Learning Objective: 02-01 Identify the role of the advertising agency and the services it provides.*

32. An advertising agency that wants its employees to develop expertise in servicing a variety of accounts should use a(n) \_\_\_\_\_ structure.

A. group system

B. creative boutique

C. departmental system

D. in-house agency

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #32*

*Bloom's: Apply*

*Difficulty: Moderate*

*Learning Objective: 02-01 Identify the role of the advertising agency and the services it provides.*

33. Which of the following is NOT a reason why an advertising agency might use a group system organizational structure? It would:
- A. allow agency personnel to become very knowledgeable about a particular client's market and business
  - B. ensure continuity in servicing a particular account
  - C. provide better pricing to a key client
  - D. to provide superior service for its accounts

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #33*

*Bloom's: Understand*

*Difficulty: Moderate*

*Learning Objective: 02-01 Identify the role of the advertising agency and the services it provides.*

34. The traditional method of compensating ad agencies is with:
- A. the commission system
  - B. the hourly billings
  - C. the fee system
  - D. the straight salary method

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #34*

*Bloom's: Remember*

*Difficulty: Easy*

*Learning Objective: 02-02 Describe methods for compensating and evaluating advertising agencies.*

35. Agency compensation under the commission system is based on:
- A. the total number of hours worked
  - B. a percentage of a client's marketing budget
  - C.** a specified percentage of any advertising time or space the agency purchases for its client
  - D. a percentage of advertising production costs

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #35*

*Bloom's: Understand*

*Difficulty: Easy*

*Learning Objective: 02-02 Describe methods for compensating and evaluating advertising agencies.*

36. Opponents of the agency commission system would argue that this system is not effective because a commission:
- A. keeps the emphasis on creative skills not the bottom-line.
  - B.** encourages agencies to recommend high media expenditures to increase their commission level.
  - C. encourages agencies to limit their client's advertising expenditures.
  - D. does not tie agency compensation to media costs.

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #36*

*Bloom's: Understand*

*Difficulty: Moderate*

*Learning Objective: 02-02 Describe methods for compensating and evaluating advertising agencies.*

37. The standard agency commission is:
- A. 15% of media time and space costs
  - B. 15% added on to media time and space costs
  - C. added on to the agency's media costs and personnel time
  - D. a complex formula based on the type of media purchased

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #37*

*Bloom's: Remember*

*Difficulty: Easy*

*Learning Objective: 02-02 Describe methods for compensating and evaluating advertising agencies.*

38. Which of the following statements about changes in the way advertising agencies are being compensated is true?
- A. Many agencies and their clients have developed some type of fee arrangement or cost-plus agreement for agency compensation.
  - B. With the move toward integrated marketing services, it is likely that there will be a return to the commission system of compensation.
  - C. From the viewpoints of both the client and the agency, the traditional commission system is much superior to negotiated commissions.
  - D. Since most clients want their agencies to be in total charge of the integrated marketing communications process, they are willing to compensate them based on media commissions.

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #38*

*Bloom's: Understand*

*Difficulty: Moderate*

*Learning Objective: 02-02 Describe methods for compensating and evaluating advertising agencies.*

39. A major argument put forth by defenders of the commission system is that a commission:
- A. keeps the agencies from placing advertising in expensive media
  - B. ties agency compensation to the inflation in media costs
  - C. encourages agencies to use noncommissionable media such as direct mail
  - D. keeps emphasis on agency competition on non-price factors like advertising quality

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #39*

*Bloom's: Understand*

*Difficulty: Moderate*

*Learning Objective: 02-02 Describe methods for compensating and evaluating advertising agencies.*

40. Critics argue that the use of \_\_\_\_\_ ties agency compensation to media costs.

- A. the objective-and-task compensation system
- B. the fixed fee arrangement
- C. the cost-plus agreement
- D. the commission system

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #40*

*Bloom's: Understand*

*Difficulty: Easy*

*Learning Objective: 02-02 Describe methods for compensating and evaluating advertising agencies.*

41. Which of the following is NOT a valid criticism of the commission compensation system for an ad agency?

- A. It is difficult to administer.
- B. In periods of media cost inflation, the agency is disproportionately rewarded.
- C. There is an incentive to avoid noncommissionable media.
- D. Media costs do not relate directly to effort or expertise expended by agencies.

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #41*

*Bloom's: Understand*

*Difficulty: Easy*

*Learning Objective: 02-02 Describe methods for compensating and evaluating advertising agencies.*

42. Under which type of compensation system might an agency be more inclined to recommend expensive media such as network television and national magazines to its clients?

- A. commission system
- B. fee arrangement system
- C. cost-plus system
- D. incentive-based compensation system

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #42*

*Bloom's: Apply*

*Difficulty: Moderate*

*Learning Objective: 02-02 Describe methods for compensating and evaluating advertising agencies.*

43. An agency books television media space at a cost of \$1,000,000. The standard agency commission on this buy is:
- A. \$15,000
  - B. \$150,000**
  - C. dependent upon the time of day the commercials run
  - D. dependent upon the actual shows in which the commercials run

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #43*

*Bloom's: Apply*

*Difficulty: Moderate*

*Learning Objective: 02-02 Describe methods for compensating and evaluating advertising agencies.*

44. An agency books television media space at a cost of \$1,000,000. If cash discounts do not apply, what price does the agency pay to the media company?
- A. \$985,000
  - B. \$1,150,000
  - C. \$850,000**
  - D. \$1,000,000 and the client pays the agency commission

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #44*

*Bloom's: Apply*

*Difficulty: Moderate*

*Learning Objective: 02-02 Describe methods for compensating and evaluating advertising agencies.*

45. Why are negotiated commission structures becoming more common?
- A. to ensure that agencies do not make too much money
  - B. to consider the needs of clients as well as the amount of time and effort the agency spends on an account**
  - C. to encourage agencies to cut back on buying network TV advertising for their clients
  - D. to support the creation of a transactional relationship between agency and client

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #45*

*Bloom's: Understand*

*Difficulty: Moderate*

*Learning Objective: 02-02 Describe methods for compensating and evaluating advertising agencies.*

46. Which of the following statements about agency commissions is true?
- A. Some leading agencies now receive average commissions of 8 to 10 percent.**
  - B. Nearly all of the leading agencies still earn a 15 percent commission.
  - C. Most agencies are earning more of their income from fixed commissions as clients expand their IMC programs to include other forms of promotion.
  - D. Most agencies are unwilling to negotiate their commission rates.

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #46*

*Bloom's: Understand*

*Difficulty: Easy*

*Learning Objective: 02-02 Describe methods for compensating and evaluating advertising agencies.*

47. What form of compensation is used to pay the advertising agency when the client's advertising program does not involve a large amount of media billings?

- A. a share of the profits
- B. a negotiated fee**
- C. a rebate from the media
- D. a 17.65 percent mark up on costs

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #47*

*Bloom's: Understand*

*Difficulty: Moderate*

*Learning Objective: 02-02 Describe methods for compensating and evaluating advertising agencies.*

48. Negotiated commission rates for advertising agencies:

- A. are designed primarily to benefit agencies
- B. are rarely used by consumer-products advertisers
- C. are becoming less common
- D. are becoming more commonplace**

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #48*

*Bloom's: Remember*

*Difficulty: Easy*

*Learning Objective: 02-02 Describe methods for compensating and evaluating advertising agencies.*

49. A \_\_\_\_\_ is a type of compensation arrangement where an agency charges a client a fixed monthly amount of money for all of its services and credits media commissions against this monthly rate.

- A. fixed fee agreement
- B. negotiated commission
- C. cost-plus agreement
- D. fee-commission combination

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #49*

*Bloom's: Remember*

*Difficulty: Easy*

*Learning Objective: 02-02 Describe methods for compensating and evaluating advertising agencies.*

50. Under the \_\_\_\_\_, the client agrees to pay the agency a fee based on the cost of its work plus some agreed-on profit margin.

- A. cost-plus arrangement
- B. media commission system
- C. incentive-based system
- D. fee-combination arrangement

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #50*

*Bloom's: Remember*

*Difficulty: Easy*

*Learning Objective: 02-02 Describe methods for compensating and evaluating advertising agencies.*

51. Under the cost-plus compensation method, all of the following costs might be included in the calculation, EXCEPT:

- A. profit margin
- B. out-of-pocket expenses
- C. media costs
- D. agency self-promotion costs

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #51*

*Bloom's: Understand*

*Difficulty: Moderate*

*Learning Objective: 02-02 Describe methods for compensating and evaluating advertising agencies.*

52. Agencies that are reluctant to let clients see their internal cost figures are less likely to accept a:

- A. fixed-fee arrangement
- B. cost-plus agreement
- C. commission-based arrangement
- D. incentive-based compensation agreement

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #52*

*Bloom's: Understand*

*Difficulty: Moderate*

*Learning Objective: 02-02 Describe methods for compensating and evaluating advertising agencies.*

53. Which of the following compensation methods should an advertiser adopt if its primary goal is to achieve efficiency and accountability?

- A. fixed-fee arrangement
- B. fee-combination arrangement
- C. commission-based arrangement
- D. incentive-based compensation agreement

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #53*

*Bloom's: Understand*

*Difficulty: Easy*

*Learning Objective: 02-02 Describe methods for compensating and evaluating advertising agencies.*

54. The Red River Valley advertising agency receives compensation from its clients based on how well it meets predetermined performance goals. Indicate the compensation method that best corresponds to this situation.

- A. fixed-fee
- B. fee-commission
- C. incentive-based
- D. cost-plus system

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #54*

*Bloom's: Apply*

*Difficulty: Moderate*

*Learning Objective: 02-02 Describe methods for compensating and evaluating advertising agencies.*

55. Why would General Motors switch to an incentive-based compensation system with several of its agencies?

- A. to encourage their agencies to use more mass media advertising
- B. to encourage their agencies to stop using network TV advertising
- C. to save money on advertising and divert it to other business departments
- D. to encourage its agencies to look beyond traditional mass media advertising and develop other ways of reaching consumers

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #55*

*Bloom's: Apply*

*Difficulty: Moderate*

*Learning Objective: 02-02 Describe methods for compensating and evaluating advertising agencies.*

56. The advertising remuneration process which rewards the agency based on the achievement of mutually agreed upon objectives is called:

- A. the cost-based system
- B. the Performance by Results system
- C. the fee-combination method
- D. the advertising reward method

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #56*

*Bloom's: Remember*

*Difficulty: Easy*

*Learning Objective: 02-02 Describe methods for compensating and evaluating advertising agencies.*

57. The Performance by Results system reflects three groups of performance measures. Which of the following is NOT one of those measures?

- A. comparison to previous year's communication budget
- B. marketing communication effectiveness
- C. overall business performance
- D. agency process evaluation

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #57*

*Bloom's: Understand*

*Difficulty: Moderate*

*Learning Objective: 02-02 Describe methods for compensating and evaluating advertising agencies.*

58. Which of the following is NOT a measure of marketing communication effectiveness?

- A. brand awareness
- B. retail sales results
- C. brand image ratings
- D. advertising likability

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #58*

*Bloom's: Understand*

*Difficulty: Easy*

*Learning Objective: 02-02 Describe methods for compensating and evaluating advertising agencies.*

59. The four behavioural objectives that are measures of marketing communication effectiveness are intent to purchase, trial, repeat purchase, and \_\_\_\_\_.

- A. viral media
- B. brand understanding
- C. brand loyalty
- D. positioning

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #59*

*Bloom's: Understand*

*Difficulty: Easy*

*Learning Objective: 02-02 Describe methods for compensating and evaluating advertising agencies.*

60. Jenna sees a commercial for a new brand of toothpaste. She decides to consider it the next time she goes to the drug store. This is an example of which behavioural objective?

- A. retrieval
- B. sampling
- C. brand awareness
- D. intent to purchase

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #60*

*Bloom's: Apply*

*Difficulty: Moderate*

*Learning Objective: 02-02 Describe methods for compensating and evaluating advertising agencies.*

61. Which of the following is a business measure under the Performance by Results system?

- A. market share
- B. intent to purchase
- C. brand awareness
- D. productivity

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #61*

*Bloom's: Understand*

*Difficulty: Easy*

*Learning Objective: 02-02 Describe methods for compensating and evaluating advertising agencies.*

62. A \_\_\_\_\_ audit of an agency focuses on factors such as costs, expenses, and payments to outside suppliers while a \_\_\_\_\_ audit focuses on factors such as the agency's efforts in planning, development, and implementing the advertising program.

- A. financial/qualitative
- B. results/process
- C. financial/creative
- D. qualitative/quantitative

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #62*

*Bloom's: Remember*

*Difficulty: Easy*

*Learning Objective: 02-02 Describe methods for compensating and evaluating advertising agencies.*

63. Which of the following should a client's evaluation of its advertising agency's performance NOT take into account?

- A. performance of account representatives
- B. qualitative considerations, such as the quality of the agency's efforts in creative, media, etc.
- C. financial status of the agency
- D. market performance measures, such as sales and market share

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #63*

*Bloom's: Understand*

*Difficulty: Easy*

*Learning Objective: 02-02 Describe methods for compensating and evaluating advertising agencies.*

64. Personality conflicts, unrealistic demands by clients, and personnel changes are all reasons why:

- A. it is difficult to measure the effectiveness of advertising campaigns
- B. ad agencies lose clients
- C. clients need to use more than one agency
- D. planning and budgeting communication initiatives is difficult

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #64*

*Bloom's: Remember*

*Difficulty: Easy*

*Learning Objective: 02-02 Describe methods for compensating and evaluating advertising agencies.*

65. Which of the following would NOT be a valid reason for switching advertising agencies?
- A. dissatisfaction over the quality of the advertising produced by the agency
  - B. conflicts over compensation policies
  - C. a change in research methodology
  - D. a stagnation or decline in sales of the product

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #65*

*Bloom's: Understand*

*Difficulty: Easy*

*Learning Objective: 02-02 Describe methods for compensating and evaluating advertising agencies.*

66. Which of the following best describes an Agency-of-Record (AOR)?

- A. the previous agency who did work for a particular client
- B. an agency that performs work on a project-by-project basis
- C. an agency that is subcontracted by the client directly for a particular assignment
- D. the primary agency whose foremost interest is in building the client's brand

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #66*

*Bloom's: Understand*

*Difficulty: Easy*

*Learning Objective: 02-02 Describe methods for compensating and evaluating advertising agencies.*

67. Many full-service agencies include sales promotion, merchandising, direct marketing, PR and/or other \_\_\_\_\_.

- A. specialized services
- B. niche opportunities
- C. consumer needs
- D. organizational structures

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #67*

*Bloom's: Remember*

*Difficulty: Easy*

*Learning Objective: 02-03 Contrast the role and functions of specialized marketing communication organizations.*

68. One area where Canadian agencies have worked with creative boutiques is the development of messages targeted to \_\_\_\_\_.

- A. affluent markets
- B. innovators
- C. ethnic markets
- D. difficult customers

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #68*

*Bloom's: Remember*

*Difficulty: Easy*

*Learning Objective: 02-03 Contrast the role and functions of specialized marketing communication organizations.*

69. Creative boutiques are agencies that:

- A. limit their client service to creative planning and execution
- B. have resulted from advertisers wanting to save money in buying media space
- C. can perform the same functions as full-service agencies for their clients
- D. are used only when research is not important to marketing success

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #69*

*Bloom's: Remember*

*Difficulty: Easy*

*Learning Objective: 02-03 Contrast the role and functions of specialized marketing communication organizations.*

70. Independent companies that specialize in the purchase of radio and television time are known as:

- A. media measurement bureaus
- B. mid-sized agencies
- C. full-service agencies
- D. media buying services

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #70*

*Bloom's: Remember*

*Difficulty: Easy*

*Learning Objective: 02-03 Contrast the role and functions of specialized marketing communication organizations.*

71. Because \_\_\_\_\_ purchase such large amounts of time and space, they receive large discounts.

- A. creative boutiques
- B. full-service agencies
- C. in-house agencies
- D. media buying services

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #71*

*Bloom's: Remember*

*Difficulty: Easy*

*Learning Objective: 02-03 Contrast the role and functions of specialized marketing communication organizations.*

72. \_\_\_\_\_ are agencies that specialize in offering services, such as database management, direct mail, and creative and production capabilities.

- A. Creative boutiques
- B. Sales promotion agencies
- C. Direct-response agencies
- D. Public relations firms

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #72*

*Bloom's: Remember*

*Difficulty: Easy*

*Learning Objective: 02-03 Contrast the role and functions of specialized marketing communication organizations.*

73. \_\_\_\_\_ specialize in the development and management of sweepstakes, refund and rebate offers, and incentive programs.

- A. Sales promotion agencies
- B. Direct response agencies
- C. Creative boutiques
- D. Interactive agencies

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #73*

*Bloom's: Remember*

*Difficulty: Easy*

*Learning Objective: 02-03 Contrast the role and functions of specialized marketing communication organizations.*

74. A(n) \_\_\_\_\_ is the type of firm an organization would hire to develop and implement programs to manage the organization's publicity, image, and affairs with consumers and other relevant publics.

- A. public relations firm
- B. advertising agency
- C. media mix organization
- D. direct-response agency

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #74*

*Bloom's: Remember*

*Difficulty: Easy*

*Learning Objective: 02-03 Contrast the role and functions of specialized marketing communication organizations.*

75. Marketers willing to increase message credibility and save media costs are more likely to use the services of a(n):

- A. public relations agency
- B. direct-response agency
- C. advertising agency
- D. sales promotion agency

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #75*

*Bloom's: Understand*

*Difficulty: Easy*

*Learning Objective: 02-03 Contrast the role and functions of specialized marketing communication organizations.*

76. A typical direct-response agency is divided into three main departments:

- A. creative, media, and research
- B. account management, media, and research
- C. account management, creative, and media
- D. creative, media, and production

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #76*

*Bloom's: Remember*

*Difficulty: Easy*

*Learning Objective: 02-03 Contrast the role and functions of specialized marketing communication organizations.*

77. The brand manager for Carnation Evaporated Milk wishes to run a holiday cookie contest to find consumers' best recipes. The creator of the best recipe will win a trip to Paris, France. Most likely, Carnation will hire a(n) \_\_\_\_\_ to plan and execute the campaign.

- A. public relations firm
- B. advertising agency
- C. sales promotion agency
- D. contest house

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #77*

*Bloom's: Apply*

*Difficulty: Moderate*

*Learning Objective: 02-03 Contrast the role and functions of specialized marketing communication organizations.*

78. Which of the following statements about the development of interactive media is NOT true?

- A. Traditional advertising agencies tend not to develop interactive media capabilities.
- B. Many marketers are using specialized interactive agencies to develop their interactive media.
- C. Interactive agencies range from smaller companies that specialize in website design and creation to full-service interactive agencies.
- D. Full-service interactive agencies provide various services including strategic consulting regarding the use of the Internet and online branding, technical knowledge, systems integration, and the development of e-commerce capabilities.

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #78*

*Bloom's: Understand*

*Difficulty: Moderate*

*Learning Objective: 02-03 Contrast the role and functions of specialized marketing communication organizations.*

79. Many agencies are moving toward offering more integrated marketing communication (IMC) services:

- A. because they want to maintain control of the entire promotional process because it leads to more synergy among the various communication elements
- B. even though it is less convenient for a client to coordinate all of its promotional efforts with one agency
- C. because an agency with integrated marketing communication capabilities can create a number of different images of the product to appeal to all relevant publics
- D. although effecting economies of scale and synergy is difficult, especially on large budget campaigns

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #79*

*Bloom's: Understand*

*Difficulty: Moderate*

*Learning Objective: 02-04 Evaluate the perspectives on the use of integrated services across agencies or within one agency; and agency-client responsibilities and partnerships.*

80. Which of the following results were found in a series of interviews on agency-client relationships with executives from major Canadian marketers?
- A. The agency and client should maintain an arm's length separation so as not to influence the creative process.
  - B.** Marketers believe they can help agencies in the relationship by being better clients through clear decision-making and solid marketing research.
  - C. Clients should not share sensitive and confidential information with the agency in case the relationship sours.
  - D. Stronger results were more often delivered by full-service agencies than by smaller boutique firms.

*Accessibility: Keyboard Navigation*

*Belch - Chapter 02 #80*

*Bloom's: Understand*

*Difficulty: Moderate*

*Learning Objective: 02-04 Evaluate the perspectives on the use of integrated services across agencies or within one agency; and agency-client responsibilities and partnerships.*

## 2 Summary

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