

## Chapter 2—Strategic Planning in Contemporary Marketing

### MULTIPLE CHOICE

1. What is the process of anticipating future events and conditions and determining the BEST way to achieve organizational objectives called?
- researching
  - planning
  - controlling
  - managing

ANS: B

PTS: 1

DIF: 1

REF: 32

OBJ: 2-1

BLM: Remember

NOT: AACSB Analytic | TB&E Model Marketing Plan

2. What do product lines, pricing decisions, selection of appropriate distribution channels, and decisions relating to promotional campaigns all depend on?
- technology available to the firm
  - decisions made within in the accounting department
  - plans formulated within the marketing department
  - industry-wide planning programs

ANS: C

PTS: 1

DIF: 2

REF: 33

OBJ: 2-1

BLM: Remember

NOT: AACSB Analytic | TB&E Model Marketing Plan

3. What does marketing planning establish?
- the resource base provided by the firm's strategy
  - the economic impact of additional sales
  - the tactical plans that must be implemented by the entire organization
  - the basis for attaining marketing objectives

ANS: D

PTS: 1

DIF: 1

REF: 33

OBJ: 2-1

BLM: Remember

NOT: AACSB Analytic | TB&E Model Marketing Plan

4. How can relationship marketing help a company?
- by creating long-term links with individual customers for mutual benefit
  - by reducing its strategic planning effort since the need for such planning is greatly diminished
  - by finding more effective media for use in advertising and mass marketing
  - by cutting through the planning process and moving into tactical plans

ANS: A

PTS: 1

DIF: 2

REF: 33

OBJ: 2-1

BLM: Remember

NOT: AACSB Analytic | TB&E Model Marketing Plan

5. Effective relationship marketing is partly built upon the use of which of the following?
- inside information about competitors
  - the databases to track customer preferences
  - the larger advertising budgets
  - the knowledge about changes in economic conditions

ANS: B

PTS: 1

DIF: 1

REF: 33

OBJ: 2-1

BLM: Remember

NOT: AACSB Analytic | TB&E Model Marketing Plan

6. Best Buy wanted to open a new store in Fredericton, New Brunswick, but instead of building a new store a decision was made to renovate a grocery superstore that had closed. What type of planning was this decision the result of?
- tactical planning
  - marketing planning
  - strategic planning
  - economic planning

ANS: A                      PTS: 1                      DIF: 2                      REF: 34  
OBJ: 2-1                      BLM: Higher Order  
NOT: AACSB Reflective Thinking | TB&E Model Marketing Plan

7. How long a period will a firm be affected by broad-spectrum strategic planning that may involve a focus on achieving long-range organizational objectives?
- as long as one to six months
  - as long as six months to a year
  - as long as five years or more
  - as long as 20 years

ANS: C                      PTS: 1                      DIF: 2                      REF: 34  
OBJ: 2-1                      BLM: Remember                      NOT: AACSB Analytic | TB&E Model Marketing Plan

8. What long-term plans focus on organizational objectives that will significantly affect the firm for five or more years?
- strategic plans
  - marketing plans
  - economic plans
  - tactical plans

ANS: A                      PTS: 1                      DIF: 1                      REF: 34  
OBJ: 2-1                      BLM: Remember                      NOT: AACSB Analytic | TB&E Model Marketing Plan

9. If Toyota was planning to introduce a sports car powered by a hydrogen-oxygen fuel cell when the price of gasoline in Canada reached \$1.10 per litre, what type of plan does this BEST describe?
- an economic plan
  - a strategic plan
  - a technological plan
  - a tactical plan

ANS: B                      PTS: 1                      DIF: 2                      REF: 34  
OBJ: 2-1                      BLM: Higher Order  
NOT: AACSB Reflective Thinking | TB&E Model Marketing Plan

10. Sport Canada is determining where it should build its permanent training facility. The organization wants it near a populated centre but rural enough to provide ample room. What type of planning is the organization engaged in?
- strategic planning
  - travel planning
  - marketing planning
  - economic planning

ANS: A                      PTS: 1                      DIF: 2                      REF: 34  
OBJ: 2-1                      BLM: Higher Order  
NOT: AACSB Reflective Thinking | TB&E Model Marketing Plan

11. What type of plan does a company have when it focuses largely on current and near-future activities?
- a strategic plan
  - a marketing plan
  - an economic plan
  - a tactical plan

ANS: D                      PTS: 1                      DIF: 1                      REF: 34  
OBJ: 2-1                      BLM: Remember                      NOT: AACSB Analytic | TB&E Model Marketing Plan

12. Compared with other organization personnel, who devotes more time to long-range strategic planning?
- middle management
  - manufacturing labour
  - top management
  - supervisory management

ANS: C                      PTS: 1                      DIF: 1                      REF: 35  
OBJ: 2-2                      BLM: Remember                      NOT: AACSB Analytic | TB&E Model Marketing Plan

13. SuperSavers Market, a small grocery store chain, is working on its tactical plans. Who would be the personnel MOST involved in this operational planning process?
- top management
  - middle management
  - store managers
  - supervisory management

ANS: B                      PTS: 1                      DIF: 2                      REF: 35  
OBJ: 2-2                      BLM: Higher Order  
NOT: AACSB Reflective Thinking | TB&E Model Marketing Plan

14. What does the planning process begin with?
- writing the mission statement
  - establishing organizational objectives
  - formulating a marketing plan
  - hiring a senior planner

ANS: A                      PTS: 1                      DIF: 1                      REF: 36  
OBJ: 2-3                      BLM: Remember                      NOT: AACSB Analytic | TB&E Model Marketing Plan

15. What type of planning would preparation of quarterly and semi-annual plans by personnel, such as the general sales manager or advertising director, be classified as?
- a. consumer planning
  - b. tactical planning
  - c. strategic planning
  - d. managerial planning

ANS: B                      PTS: 1                      DIF: 1                      REF: 35

OBJ: 2-2                      BLM: Higher Order

NOT: AACSB Reflective Thinking | TB&E Model Marketing Plan

16. What type of plans in the planning hierarchy would deal with organization-wide objectives, long-term plans, and the total budget?
- a. annual plans
  - b. tactical plans
  - c. operational plans
  - d. strategic plans

ANS: D                      PTS: 1                      DIF: 1                      REF: 35

OBJ: 2-2                      BLM: Remember                      NOT: AACSB Analytic | TB&E Model Marketing Plan

17. Who should complete operational planning?
- a. top management
  - b. mid-level managers
  - c. supervisory management
  - d. lower management

ANS: B                      PTS: 1                      DIF: 1                      REF: 35

OBJ: 2-2                      BLM: Remember                      NOT: AACSB Analytic | TB&E Model Marketing Plan

18. Which of the following is a result of tactical planning?
- a. a total budget
  - b. long-term plans
  - c. divisional budgets
  - d. departmental rules

ANS: C                      PTS: 1                      DIF: 2                      REF: 35

OBJ: 2-2                      BLM: Remember                      NOT: AACSB Analytic | TB&E Model Marketing Plan

19. What are the basic objectives or goals of an organization derived from?
- a. its strategic plan
  - b. its tactical plan
  - c. its corporate strategy
  - d. its mission statement

ANS: D                      PTS: 1                      DIF: 1                      REF: 36

OBJ: 2-3                      BLM: Remember                      NOT: AACSB Analytic | TB&E Model Marketing Plan

20. Which of the following is NOT a company objective?
- a. increase sales by 10 percent per year
  - b. to be the quality and market leader of the global hotel industry
  - c. reduce product errors to less than 1 percent
  - d. achieve a 25 percent market share in less than three years

ANS: B                      PTS: 1                      DIF: 3                      REF: 37  
OBJ: 2-3                      BLM: Higher Order  
NOT: AACSB Reflective Thinking | TB&E Model Marketing Plan

21. What is the third step in the planning process?
- a. determining the necessary financing objectives and support
  - b. writing a marketing plan
  - c. assessing strengths, weaknesses, and opportunities
  - d. establishing organizational objectives

ANS: C                      PTS: 1                      DIF: 1                      REF: 37  
OBJ: 2-3                      BLM: Remember                      NOT: AACSB Analytic | TB&E Model Marketing Plan

22. What part of the organization should be MOST involved in formulating strategy for success of the good or service in the marketplace?
- a. the corporate executive team
  - b. the potential customer
  - c. the vendors and channel members
  - d. the firm's marketing personnel

ANS: D                      PTS: 1                      DIF: 1                      REF: 37  
OBJ: 2-3                      BLM: Remember                      NOT: AACSB Analytic | TB&E Model Marketing Plan

23. What goal do all planning strategies have?
- a. creating sustainable competitive advantage
  - b. creating short-term competitive advantage
  - c. creating a strategic window
  - d. creating leverage

ANS: A                      PTS: 1                      DIF: 1                      REF: 38  
OBJ: 2-4                      BLM: Remember                      NOT: AACSB Analytic | TB&E Model Marketing Plan

24. What characteristic would a less competitive market have?
- a. high barriers to entry
  - b. increased number of potential substitutes
  - c. strong bargaining power among buyers
  - d. strong bargaining power among suppliers

ANS: A                      PTS: 1                      DIF: 2                      REF: 39  
OBJ: 2-4                      BLM: Remember                      NOT: AACSB Analytic | TB&E Model Marketing Plan

25. Which of the following companies has often followed a second mover strategy?

- a. Apple Computer
- b. Facebook
- c. eBay
- d. Amazon.com

ANS: B

PTS: 1

DIF: 2

REF: 41

OBJ: 2-4

BLM: Remember

NOT: AACSB Analytic | TB&E Model Marketing Plan

26. Comparing a first mover to a second mover strategy, which of the following describes a first mover strategy?

- a. It is more risky but offers higher reward.
- b. It is more risky and offers lower reward.
- c. It is less risky and offers higher reward.
- d. It is less risky but offers lower reward.

ANS: A

PTS: 1

DIF: 2

REF: 40

OBJ: 2-4

BLM: Remember

NOT: AACSB Analytic | TB&E Model Marketing Plan

27. What is SWOT an acronym for?

- a. strategy, work, opinions, tactics
- b. strengths, weaknesses, opportunities, threats
- c. strategy, work, openness, toughness
- d. strategy, weakness, opinions, tactics

ANS: B

PTS: 1

DIF: 1

REF: 41

OBJ: 2-4

BLM: Remember

NOT: AACSB Analytic | TB&E Model Marketing Plan

28. In SWOT analysis, what are situations in which organizations are unable to capitalize on opportunities because of internal limitations referred to as?

- a. strategic windows
- b. strategic leverage
- c. constraints
- d. vulnerability

ANS: C

PTS: 1

DIF: 2

REF: 41

OBJ: 2-4

BLM: Remember

NOT: AACSB Analytic | TB&E Model Marketing Plan

29. General Motors has difficulty competing with other car makers due to its lack of responsiveness to changing consumer preferences. In SWOT terms, what does this constitute?

- a. a strategic window
- b. a leveraged situation
- c. a productivity challenge
- d. a constraint on its activity

ANS: D

PTS: 1

DIF: 2

REF: 41

OBJ: 2-4

BLM: Higher Order

NOT: AACSB Reflective Thinking | TB&E Model Marketing Plan

30. Assume a firm would like to expand its product line. A complete expansion would cost \$100 million, but the firm can raise only \$75 million in financing. What is this BEST classified as?
- a. a constraint
  - b. an opportunity
  - c. a threat
  - d. a vulnerability

ANS: A                      PTS: 1                      DIF: 2                      REF: 41

OBJ: 2-4                      BLM: Higher Order

NOT: AACSB Reflective Thinking | TB&E Model Marketing Plan

31. In a SWOT analysis, when is a constraint present?
- a. when internal organizational weaknesses prevent taking advantage of an opportunity
  - b. when environmental threats attack organizational weaknesses
  - c. when organizational weaknesses are effectively addressed
  - d. when environmental threats are stronger than organizational strengths

ANS: A                      PTS: 1                      DIF: 1                      REF: 41

OBJ: 2-4                      BLM: Remember                      NOT: AACSB Analytic | TB&E Model Marketing Plan

32. In SWOT analysis, when does vulnerability occur?
- a. when internal organizational weaknesses prevent taking advantage of an opportunity
  - b. when environmental threats attack organizational weaknesses
  - c. when weaknesses are effectively addressed
  - d. when environmental threats are stronger than organizational strengths

ANS: D                      PTS: 1                      DIF: 1                      REF: 41

OBJ: 2-4                      BLM: Remember                      NOT: AACSB Analytic | TB&E Model Marketing Plan

33. In a SWOT analysis, when does a problem exist?
- a. when internal organizational weaknesses prevent taking advantage of an opportunity
  - b. when environmental threats attack organizational weaknesses
  - c. when weaknesses are effectively addressed
  - d. when environmental threats are stronger than organizational strengths

ANS: B                      PTS: 1                      DIF: 1                      REF: 41

OBJ: 2-4                      BLM: Remember                      NOT: AACSB Analytic | TB&E Model Marketing Plan

34. Which of the following is an example of a firm's weakness discovered by a SWOT analysis?
- a. changing buyer tastes in the marketplace
  - b. the presence of modern production facilities
  - c. inadequate financing capabilities
  - d. likely entry of new competitors

ANS: C                      PTS: 1                      DIF: 1                      REF: 41

OBJ: 2-4                      BLM: Remember                      NOT: AACSB Analytic | TB&E Model Marketing Plan

35. Which of the following is an example of a firm's strength discovered by a SWOT analysis?
- a. ownership of valuable patents
  - b. a narrow current product line
  - c. changing buyer tastes in the marketplace
  - d. existing government policies adverse to the industry

ANS: A                      PTS: 1                      DIF: 1                      REF: 41  
OBJ: 2-4                      BLM: Remember                      NOT: AACSB Analytic | TB&E Model Marketing Plan

36. What is a SWOT analysis that is designed to reveal, among other things, a firm's core competencies also known as?
- a. financial resources
  - b. strengths
  - c. leverage
  - d. vulnerabilities

ANS: B                      PTS: 1                      DIF: 1                      REF: 41  
OBJ: 2-4                      BLM: Remember                      NOT: AACSB Analytic | TB&E Model Marketing Plan

37. WestJet Airlines has one of the lowest levels of operating expenses in the airline industry. In a SWOT analysis, what is this classified as?
- a. an opportunity
  - b. a constraint
  - c. a strength
  - d. a threat

ANS: C                      PTS: 1                      DIF: 2                      REF: 41  
OBJ: 2-4                      BLM: Higher Order  
NOT: AACSB Reflective Thinking | TB&E Model Marketing Plan

38. Which of the following is an example of a threat to a firm discovered by a SWOT analysis?
- a. inadequate financing capabilities
  - b. the chance to acquire firms with needed technology
  - c. likely entry of new competitors in the industry
  - d. too narrow a product line for the firm

ANS: C                      PTS: 1                      DIF: 1                      REF: 41  
OBJ: 2-4                      BLM: Remember                      NOT: AACSB Analytic | TB&E Model Marketing Plan

39. What is one of the major problems with strategic windows?
- a. They are presented when the market stays relatively stable for long periods.
  - b. Acquiring competencies for the firm is usually a major flaw.
  - c. They are not affected by a firm's competencies, constraints, or vulnerabilities.
  - d. They exist for only a limited time.

ANS: D                      PTS: 1                      DIF: 2                      REF: 42  
OBJ: 2-4                      BLM: Remember                      NOT: AACSB Analytic | TB&E Model Marketing Plan



40. Which of the following BEST describes limited occasions when the key requirements of a market and the particular competencies of a firm best fit?
- a. marketing planning
  - b. a strategic window
  - c. strategic planning
  - d. a tactical door

ANS: B                      PTS: 1                      DIF: 1                      REF: 42  
OBJ: 2-4                      BLM: Remember                      NOT: AACSB Analytic | TB&E Model Marketing Plan

41. At a time when computer users were having trouble storing, sending, and displaying photos, Apple introduced the iMac computer, which was equipped with a digital camera interface and photo-handling software. What did Apple recognize, which resulted in this product?
- a. product innovations
  - b. competitive constraints
  - c. a strategic window
  - d. financial opportunities

ANS: C                      PTS: 1                      DIF: 2                      REF: 42  
OBJ: 2-4                      BLM: Higher Order  
NOT: AACSB Reflective Thinking | TB&E Model Marketing Plan

42. What is the organizational program that selects a target market and satisfies customers in that market through the marketing mix called?
- a. marketing objectives
  - b. a marketing strategy
  - c. relationship marketing
  - d. a strategic plan

ANS: B                      PTS: 1                      DIF: 2                      REF: 37  
OBJ: 2-3                      BLM: Remember                      NOT: AACSB Analytic | TB&E Model Marketing Plan

43. What is the overall, company-wide program that selects a particular target market and then satisfies consumers in that market through careful blending of the elements of the marketing mix called?
- a. a corporate strategy
  - b. a strategic plan
  - c. a strategic window
  - d. a marketing strategy

ANS: D                      PTS: 1                      DIF: 2                      REF: 37  
OBJ: 2-3                      BLM: Remember                      NOT: AACSB Analytic | TB&E Model Marketing Plan

44. Jonathan is part of a team analyzing current demographic trends. The team will make a recommendation concerning the groups of consumers toward whom the firm should direct its marketing effort. What element of the firm's marketing strategy is Jonathan's team involved in?
- a. target market
  - b. distribution
  - c. product
  - d. promotion

ANS: A                      PTS: 1                      DIF: 2                      REF: 43

OBJ: 2-5                      BLM: Higher Order

NOT: AACSB Reflective Thinking | TB&E Model Marketing Plan

45. What type of market is the group of people to whom a firm directs its marketing efforts?
- a. the captive market
  - b. the consumer market
  - c. the home market
  - d. the target market

ANS: D                      PTS: 1                      DIF: 1                      REF: 43

OBJ: 2-5                      BLM: Remember                      NOT: AACSB Analytic | TB&E Model Marketing Plan

46. Which of the following is NOT a marketing mix variable?
- a. distribution
  - b. product
  - c. target market
  - d. pricing

ANS: C                      PTS: 1                      DIF: 1                      REF: 44

OBJ: 2-5                      BLM: Remember                      NOT: AACSB Analytic | TB&E Model Marketing Plan

47. Which of the following describes the term marketing mix?
- a. a composite analysis of all environmental factors inside and outside the firm
  - b. a series of business decisions that aid in selling a product
  - c. the relationship between a firm's marketing strengths and its business weaknesses
  - d. a blending of four strategic elements to satisfy specific target markets

ANS: D                      PTS: 1                      DIF: 1                      REF: 44

OBJ: 2-5                      BLM: Remember                      NOT: AACSB Analytic | TB&E Model Marketing Plan

48. How is the term "product" BEST described?
- a. It refers only to tangible items that can be seen, tasted, or touched.
  - b. It is a broad concept encompassing the satisfaction of consumer needs.
  - c. It is limited to include goods, services, and ideas only.
  - d. It never refers to such things as package design, brand name, or warranty.

ANS: B                      PTS: 1                      DIF: 1                      REF: 44

OBJ: 2-5                      BLM: Remember                      NOT: AACSB Analytic | TB&E Model Product

49. Jenny has been appointed marketing manager for Sparkling Cleaning Products. Her job focuses on decisions involving customer service, package design, brand names, and warranties. What area of the marketing strategy will Jenny MOST likely work in?
- a. product strategy
  - b. resource valuation and pricing
  - c. retailing and distribution strategy
  - d. target market development

ANS: A                      PTS: 1                      DIF: 2                      REF: 44  
OBJ: 2-5                      BLM: Higher Order  
NOT: AACSB Reflective Thinking | TB&E Model Product

50. What strategy do decisions involving transportation, warehousing, inventory control, and order processing relate to?
- a. pricing strategy
  - b. competitive strategy
  - c. product strategy
  - d. distribution strategy

ANS: D                      PTS: 1                      DIF: 1                      REF: 44  
OBJ: 2-5                      BLM: Remember                      NOT: AACSB Analytic | TB&E Model Distribution

51. Miranda has been named to an upper-level management position at Bio Med Cosmetics. She will be working with transportation media, order processing, and development of marketing channels. What strategies would Miranda be involved in developing?
- a. product strategies
  - b. distribution strategies
  - c. promotional strategies
  - d. marketing strategies

ANS: B                      PTS: 1                      DIF: 2                      REF: 44  
OBJ: 2-5                      BLM: Higher Order  
NOT: AACSB Reflective Thinking | TB&E Model Distribution

52. Which of the following BEST fits the activity of promotion?
- a. making products available
  - b. finding a convenient location
  - c. maintaining a high level of regulation
  - d. communicating between buyers and sellers

ANS: D                      PTS: 1                      DIF: 1                      REF: 45  
OBJ: 2-5                      BLM: Remember                      NOT: AACSB Analytic | TB&E Model Promotion

53. What marketing mix activity are newsletters, catalogues, and invitations to company-sponsored events MOST closely associated with?
- a. pricing
  - b. distribution
  - c. product development
  - d. promotion

ANS: D                      PTS: 1                      DIF: 1                      REF: 45  
OBJ: 2-5                      BLM: Remember                      NOT: AACSB Analytic | TB&E Model Promotion

54. What type of strategy do the marketing mix decisions that are MOST closely regulated and subject to public scrutiny usually relate to?
- a. product strategy
  - b. promotional strategy
  - c. distribution strategy
  - d. pricing strategy

ANS: D                      PTS: 1                      DIF: 1                      REF: 45  
OBJ: 2-5                      BLM: Remember                      NOT: AACSB Analytic | TB&E Model Pricing

55. What percentage of the market will the three leading firms in an industry have, according to the rule of three?
- a. less than 25 percent
  - b. around 50 percent
  - c. between 70 and 90 percent
  - d. nearly 100 percent

ANS: C                      PTS: 1                      DIF: 1                      REF: 46  
OBJ: 2-6                      BLM: Remember                      NOT: AACSB Analytic | TB&E Model Marketing Plan

56. As chief executive of Stalwart Shipfitting Company, a diversified producer of marine supplies and equipment, John needs a method for spotting promising product lines that warrant commitment of additional resources, as well as those that should be removed from the firm's product portfolio. What would be a good choice for this firm?
- a. computer models
  - b. strategic business units
  - c. a marketing audit
  - d. an inventory audit

ANS: B                      PTS: 1                      DIF: 2                      REF: 48  
OBJ: 2-7                      BLM: Higher Order  
NOT: AACSB Reflective Thinking | TB&E Model Marketing Plan

57. Which of the following BEST describes the strategic business unit (SBU) concept?
- a. a planning tool that separates tactical and operational issues for analysis
  - b. a device used primarily to separate marketing costs from production expenses
  - c. a marketing planning tool best suited to the needs of large, diversified organizations
  - d. a way to create units of business activity based solely on sales potential

ANS: C                      PTS: 1                      DIF: 2                      REF: 48  
OBJ: 2-7                      BLM: Remember                      NOT: AACSB Analytic | TB&E Model Marketing Plan

58. What does each strategic business unit (SBU) within a firm have?
- a. an advertising consultant
  - b. a government “watch dog” agency
  - c. a board of directors
  - d. competitors

ANS: D                      PTS: 1                      DIF: 1                      REF: 48  
OBJ: 2-7                      BLM: Remember                      NOT: AACSB Analytic | TB&E Model Marketing Plan

59. Which of the following is a marketing planning tool?
- a. market share/market growth matrix
  - b. consumer scanning model
  - c. market vulnerability/business opportunity matrix
  - d. market sheet analysis

ANS: A                      PTS: 1                      DIF: 2                      REF: 48  
OBJ: 2-7                      BLM: Remember                      NOT: AACSB Analytic | TB&E Model Marketing Plan

60. To evaluate an organization’s SBUs, the Boston Consulting Group developed a portfolio performance framework. How did they characterize some of the SBUs?
- a. as question marks
  - b. as quick winners
  - c. as charging bulls
  - d. as cash-outs

ANS: A                      PTS: 1                      DIF: 2                      REF: 49  
OBJ: 2-7                      BLM: Higher Order  
NOT: AACSB Reflective Thinking | TB&E Model Strategy

61. What does the quadrant of the market share/market growth matrix that represents both a high market share and a high rate of market growth include?
- a. the cash cows
  - b. the achievers
  - c. the stars
  - d. the strivers

ANS: C                      PTS: 1                      DIF: 1                      REF: 49  
OBJ: 2-7                      BLM: Remember                      NOT: AACSB Analytic | TB&E Model Marketing Plan

62. Microsoft Windows generates considerable income for the parent company but is also expensive to support. However, the expense is acceptable because Windows is the world's dominant operating system. How would Windows be classed under the market share/market growth matrix?
- a. as a star
  - b. as a cash cow
  - c. as a question mark
  - d. as a dog

ANS: A                      PTS: 1                      DIF: 2                      REF: 49

OBJ: 2-7                      BLM: Higher Order

NOT: AACSB Reflective Thinking | TB&E Model Marketing Plan

63. According to the market share/market growth matrix, what is the SBU that produces strong cash flows that can be used to finance the growth of other SBUs?
- a. the dog
  - b. the question mark
  - c. the cash cow
  - d. the star

ANS: C                      PTS: 1                      DIF: 1                      REF: 49

OBJ: 2-7                      BLM: Remember                      NOT: AACSB Analytic | TB&E Model Marketing Plan

64. According to the market share/market growth matrix, how does a successful product typically begin?
- a. as a question mark, then a star, and eventually moves to the status of cash cow
  - b. as a star, fades to a question mark, and finally becomes a dog and is dropped
  - c. as a cash cow, moves to a question mark, and finally becomes a star
  - d. as a cash cow and fades to a dog when it's dropped

ANS: A                      PTS: 1                      DIF: 3                      REF: 49

OBJ: 2-7                      BLM: Remember                      NOT: AACSB Analytic | TB&E Model Marketing Plan

65. How does the market share/market growth matrix classify products with a low relative share of a high-growth rate market?
- a. as stars
  - b. as question marks
  - c. as cash cows
  - d. as dogs

ANS: B                      PTS: 1                      DIF: 1                      REF: 49

OBJ: 2-7                      BLM: Remember                      NOT: AACSB Analytic | TB&E Model Product

66. The product manager for a new mousetrap informs the board of directors at its annual meeting that the product has been classified as a dog. What does this mean about the product?
- a. It requires a “go/no go” decision within the next several years.
  - b. It has low market share of a high-growth rate market.
  - c. It should be withdrawn from the market.
  - d. It needs heavy investment to make it a star.

ANS: C                      PTS: 1                      DIF: 3                      REF: 49  
OBJ: 2-7                      BLM: Higher Order  
NOT: AACSB Reflective Thinking | TB&E Model Product

67. A food chain has a promotion where each purchaser of a large, rather than a medium-sized beverage, gets a chance to win a prize. Which of the following BEST describes the strategic growth opportunity that is being used?
- a. Product development
  - b. Diversification
  - c. Market penetration
  - d. Market development

ANS: C                      PTS: 1                      DIF: 3                      REF: 49-50  
OBJ: 2-7                      BLM: Higher Order

68. A company notices that its customers enjoy the chicken burger with meals but often only purchase fries at mid-day for a snack. A decision is taken to provide a mini-chicken burger for the purpose of snacking to these customers. Which of the following BEST describes the strategic growth opportunity that is being used?
- a. Product development
  - b. Diversification
  - c. Market penetration
  - d. Market development

ANS: A                      PTS: 1                      DIF: 3                      REF: 49-50  
OBJ: 2-7                      BLM: Higher Order

69. Which of the following is the MOST risky growth strategy for a company to pursue?
- a. Product development
  - b. Diversification
  - c. Market penetration
  - d. Market development

ANS: B                      PTS: 1                      DIF: 1                      REF: 49-50  
OBJ: 2-7                      BLM: Remember

70. Initially, cellphones had no limiters as to the regions that could be dialed or the number of different phone numbers that could be dialed. Based on this, many parents would not purchase a phone for their younger children. Next, cellphone manufacturers created phones and plans that limited the number of phone numbers programmed into the phone and no other numbers could be dialed. Only local calling would be available. Which of the following BEST describes the strategic growth opportunity that is being used?
- Product development
  - Diversification
  - Market penetration
  - Market development

ANS: D                      PTS: 1                      DIF: 2                      REF: 49-50  
OBJ: 2-7                      BLM: Higher Order

**TRUE/FALSE**

1. The planning process identifies objectives and determines which actions are needed to attain those objectives.

ANS: F                      PTS: 1                      DIF: 2                      REF: 32  
OBJ: 2-1                      NOT: AACSB Analytic | TB&E Model Marketing Plan

2. The planning process creates a blueprint that everyone in the organization must follow in order to achieve the organizational objectives.

ANS: T                      PTS: 1                      DIF: 1                      REF: 32  
OBJ: 2-1                      NOT: AACSB Analytic | TB&E Model Marketing Plan

3. The planning process defines checkpoints at which the organization can compare actual performance with expectations to indicate whether current activities are close to achieving the objectives.

ANS: T                      PTS: 1                      DIF: 2                      REF: 32  
OBJ: 2-1                      NOT: AACSB Analytic | TB&E Model Marketing Plan

4. Relationship-building goals and strategies are seldom included in the plans of business firms.

ANS: F                      PTS: 1                      DIF: 1                      REF: 33  
OBJ: 2-1                      NOT: AACSB Analytic | TB&E Model Marketing Plan

5. Good relationships with customers can equip a firm with vital strategic weapons.

ANS: T                      PTS: 1                      DIF: 1                      REF: 33  
OBJ: 2-1                      NOT: AACSB Analytic | TB&E Model Marketing Plan



6. Strategic planning has a critical impact on a firm's destiny because it provides short-term direction for decision makers.

ANS: F                      PTS: 1                      DIF: 1                      REF: 34  
OBJ: 2-1                      NOT: AACSB Analytic | TB&E Model Marketing Plan

7. Marketing plans establish the basis for any marketing strategy.

ANS: T                      PTS: 1                      DIF: 1                      REF: 34  
OBJ: 2-1                      NOT: AACSB Analytic | TB&E Model Marketing Plan

8. The strategic planning process involves allocation of necessary resources.

ANS: T                      PTS: 1                      DIF: 2                      REF: 34  
OBJ: 2-1                      NOT: AACSB Analytic | TB&E Model Marketing Plan

9. Strategic plans focus on courses of action necessary to achieve the organization's secondary objectives.

ANS: F                      PTS: 1                      DIF: 2                      REF: 34  
OBJ: 2-1                      NOT: AACSB Analytic | TB&E Model Marketing Plan

10. An example of strategic planning would be a decision by McDonald's to introduce salads to its menu.

ANS: F                      PTS: 1                      DIF: 1                      REF: 34  
OBJ: 2-1                      NOT: AACSB Reflective Thinking | TB&E Model Marketing Plan

11. DaimlerChrysler incorporates strategic planning by deciding to strengthen its relationship with women through long-term campaigns designed to make their attitude toward the company more positive.

ANS: T                      PTS: 1                      DIF: 2                      REF: 34  
OBJ: 2-1                      NOT: AACSB Reflective Thinking | TB&E Model Marketing Plan

12. Sony's introduction of a new MP3 player available only in green, yellow, and red would be considered a strategic decision.

ANS: F                      PTS: 1                      DIF: 2                      REF: 34  
OBJ: 2-1                      NOT: AACSB Reflective Thinking | TB&E Model Marketing Plan

13. Relationship marketers frequently maintain databases to track customer preferences.

ANS: T                      PTS: 1                      DIF: 1                      REF: 33  
OBJ: 2-1                      NOT: AACSB Analytic | TB&E Model Marketing Plan

14. Tactical planning involves actions that focus on current and near-future activities that must be completed in order to implement larger strategies.

ANS: T                      PTS: 1                      DIF: 2                      REF: 34  
OBJ: 2-1                      NOT: AACSB Analytic | TB&E Model Marketing Plan

15. Tactical plans typically address shorter-term actions that focus on current and near-future activities.

ANS: T                      PTS: 1                      DIF: 1                      REF: 34  
OBJ: 2-1                      NOT: AACSB Analytic | TB&E Model Marketing Plan

16. As the senior vice president of marketing, Naomi will be closely involved in her firm's strategic planning.

ANS: T                      PTS: 1                      DIF: 2                      REF: 35  
OBJ: 2-2                      NOT: AACSB Reflective Thinking | TB&E Model Marketing Plan

17. Middle management would be the logical group to handle the responsibility of revising the firm's strategic plan due to their proximity to the customer.

ANS: F                      PTS: 1                      DIF: 2                      REF: 35  
OBJ: 2-2                      NOT: AACSB Reflective Thinking | TB&E Model Marketing Plan

18. Middle and supervisory-level managers do not spend as much time as CEOs on planning activities.

ANS: T                      PTS: 1                      DIF: 1                      REF: 35  
OBJ: 2-2                      NOT: AACSB Analytic | TB&E Model Marketing Plan

19. The chief executive officer (CEO) and vice president of marketing spend a greater proportion of their time on operational planning than do managers at other organizational levels.

ANS: F                      PTS: 1                      DIF: 2                      REF: 35  
OBJ: 2-2                      NOT: AACSB Analytic | TB&E Model Marketing Plan

20. To be most effective, the planning process should include input from a wide range of sources both internal and external to the organization.

ANS: T                      PTS: 1                      DIF: 1                      REF: 35  
OBJ: 2-2                      NOT: AACSB Analytic | TB&E Model Marketing Plan

21. The planning process begins at the corporate level with the development of objectives.

ANS: F                      PTS: 1                      DIF: 1                      REF: 34  
OBJ: 2-2                      NOT: AACSB Analytic | TB&E Model Marketing Plan

22. A firm's mission statement specifies its overall goals and operational scope, as well as providing general guidelines for future management action.

ANS: T                      PTS: 1                      DIF: 1                      REF: 37  
OBJ: 2-3                      NOT: AACSB Analytic | TB&E Model Marketing Plan

23. In general, a mission statement can be described as a qualitative statement, whereas objectives are often quantitative statements.

ANS: T                      PTS: 1                      DIF: 2                      REF: 37  
OBJ: 2-3                      NOT: AACSB Reflective Thinking | TB&E Model Marketing Plan

24. Organizations within the same industry usually have the same mission.

ANS: F                      PTS: 1                      DIF: 2                      REF: 37  
OBJ: 2-3                      NOT: AACSB Analytic | TB&E Model Marketing Plan

25. Tactical planning usually involves production of quarterly and semi-annual plans, along with divisional budgets, policies, and procedures.

ANS: T                      PTS: 1                      DIF: 2                      REF: 35  
OBJ: 2-2                      NOT: AACSB Analytic | TB&E Model Marketing Plan

26. Operational planning that involves the creation and implementation of tactical plans for the departments within an organization is primarily the responsibility of top-level management.

ANS: F                      PTS: 1                      DIF: 2                      REF: 35  
OBJ: 2-2                      NOT: AACSB Analytic | TB&E Model Marketing Plan

27. The advertising director, marketing research manager, and other middle-level managers should be involved in planning fundamental organization-wide strategies and the corporate budget.

ANS: F                      PTS: 1                      DIF: 2                      REF: 35  
OBJ: 2-2                      NOT: AACSB Analytic | TB&E Model Marketing Plan

28. Organization-wide objectives, fundamental strategies, long-term plans, and total budget formulation are examples of strategic planning activities handled by top management.

ANS: T                      PTS: 1                      DIF: 2                      REF: 35  
OBJ: 2-2                      NOT: AACSB Analytic | TB&E Model Marketing Plan

29. A firm describes its overall goals and operational scope in its organization chart.

ANS: F                      PTS: 1                      DIF: 1                      REF: 37  
OBJ: 2-3                      NOT: AACSB Analytic | TB&E Model Marketing Plan

30. The second step in the planning process is corporate development of the organization's objectives.

ANS: T                      PTS: 1                      DIF: 1                      REF: 37  
OBJ: 2-3                      NOT: AACSB Analytic | TB&E Model Marketing Plan

31. Statements such as “achieve a 25 percent market share by 2008” or “open 50 and 75 new stores for each of the next five years” are typically part of mission statements.

ANS: F                      PTS: 1                      DIF: 2                      REF: 37  
OBJ: 2-3                      NOT: AACSB Reflective Thinking | TB&E Model Marketing Plan

32. Detailed organizational objectives should state specific intentions, such as “Snapple Corporation seeks to increase its share of the non-carbonated soft drink market to 25 percent within the next two years.”

ANS: T                      PTS: 1                      DIF: 2                      REF: 37  
OBJ: 2-3                      NOT: AACSB Reflective Thinking | TB&E Model Marketing Plan

33. Well-phrased business objectives should specify time horizons for specific achievements, such as “It is anticipated we will achieve our \$77 million sales objective by March 31, 2010.”

ANS: T                      PTS: 1                      DIF: 2                      REF: 37  
OBJ: 2-3                      NOT: AACSB Reflective Thinking | TB&E Model Marketing Plan

34. The third step of the planning process involves a back-and-forth assessment of the strengths, risks, and available opportunities facing the organization at the marketing department level.

ANS: F                      PTS: 1                      DIF: 2                      REF: 37  
OBJ: 2-3                      NOT: AACSB Analytic | TB&E Model Marketing Plan

35. During the final steps of the marketing planning process, marketers use operating plans to put the marketing strategy into action, then wait until the annual planning process begins again the following year.

ANS: F                      PTS: 1                      DIF: 1                      REF: 37  
OBJ: 2-3                      NOT: AACSB Analytic | TB&E Model Marketing Plan

36. Planning strategy is influenced by the elements of Porter's Five Forces model.

ANS: T                      PTS: 1                      DIF: 1                      REF: 38  
OBJ: 2-4                      NOT: AACSB Analytic | TB&E Model Marketing Plan

37. The elements in Porter's Five Forces model include the possibility of new rivals, possible product substitutions, bargaining powers of buyer and of suppliers, and rivalry between competitors.

ANS: T                      PTS: 1                      DIF: 2                      REF: 39  
OBJ: 2-4                      NOT: AACSB Analytic | TB&E Model Marketing Plan

38. A drapery manufacturer has experienced difficulty attracting customers to its showroom. Competitors are advertising online with discounts and free installation, and the company's sole supplier of silks and tapestries has increased prices. Additionally, competitive draperies made overseas with cheaper silks are entering the marketplace. The drapery manufacturer is faced with a planning challenge addressed in Porter's Five Forces.

ANS: T                      PTS: 1                      DIF: 2                      REF: 39  
OBJ: 2-4                      NOT: AACSB Reflective Thinking | TB&E Model Marketing Plan

39. The Internet has impacted business by increasing the barriers to market entry faced by new firms.

ANS: F                      PTS: 1                      DIF: 1                      REF: 39  
OBJ: 2-4                      NOT: AACSB Technology | TB&E Model Marketing Plan

40. Consumers can now obtain detailed pricing information on the Internet, which has increased their bargaining power with car dealers.

ANS: T                      PTS: 1                      DIF: 2                      REF: 39  
OBJ: 2-4                      NOT: AACSB Reflective Thinking | TB&E Model Marketing Plan

41. Apple's introduction of a "new to the market" online music store, iTunes, is an example of a successful first mover strategy.

ANS: T                      PTS: 1                      DIF: 1                      REF: 40  
OBJ: 2-4                      NOT: AACSB Reflective Thinking | TB&E Model Marketing Plan

42. A first mover strategy is generally more risky than a second mover strategy, but the rewards are often greater.

ANS: T                      PTS: 1                      DIF: 2                      REF: 40  
OBJ: 2-4                      NOT: AACSB Analytic | TB&E Model Marketing Plan

43. SWOT analysis refers to examination of a firm's stability, work ethic, organizational structure, and technological expertise.

ANS: F                      PTS: 1                      DIF: 1                      REF: 41  
OBJ: 2-4                      NOT: AACSB Analytic | TB&E Model Marketing Plan

44. An important strategic planning tool, SWOT analysis helps planners compare internal organizational strengths and weaknesses with external opportunities and threats.

ANS: T                      PTS: 1                      DIF: 1                      REF: 41  
OBJ: 2-4                      NOT: AACSB Analytic | TB&E Model Marketing Plan

45. Core competencies are actions done well by a firm that its customers value and competitors find difficult to duplicate.

ANS: T                      PTS: 1                      DIF: 1                      REF: 41  
OBJ: 2-4                      NOT: AACSB Analytic | TB&E Model Marketing Plan

46. Matching an external opportunity with an internal weakness produces a situation known as leverage.

ANS: F                      PTS: 1                      DIF: 2                      REF: 41  
OBJ: 2-4                      NOT: AACSB Analytic | TB&E Model Marketing Plan

47. In SWOT analysis, managers face a problem when environmental threats attack their organization's weaknesses.

ANS: T                      PTS: 1                      DIF: 2                      REF: 41  
OBJ: 2-4                      NOT: AACSB Reflective Thinking | TB&E Model Marketing Plan

48. A strategic window represents an extended period of time during which the key requirements of a market and the particular competencies of a firm best fit together.

ANS: F                      PTS: 1                      DIF: 2                      REF: 42  
OBJ: 2-4                      NOT: AACSB Analytic | TB&E Model Marketing Plan

49. A customer-driven organization begins its marketing strategy with a detailed description of its target market.

ANS: T                      PTS: 1                      DIF: 1                      REF: 43  
OBJ: 2-5                      NOT: AACSB Analytic | TB&E Model Marketing Plan

50. A target market is a group of customers toward whom a firm directs its marketing efforts.

ANS: T                      PTS: 1                      DIF: 1                      REF: 43  
OBJ: 2-5                      NOT: AACSB Analytic | TB&E Model Marketing Plan

51. Marketing strategy is an overall company-wide program for selecting a particular target market and satisfying consumers through a careful balance of elements in the marketing mix.

ANS: T                      PTS: 1                      DIF: 1                      REF: 43  
OBJ: 2-5                      NOT: AACSB Analytic | TB&E Model Marketing Plan

52. Each element of the marketing mix—product, price, distribution, and promotion—is a subset of the overall marketing strategy.

ANS: T                      PTS: 1                      DIF: 2                      REF: 43  
OBJ: 2-5                      NOT: AACSB Analytic | TB&E Model Marketing Plan

53. Diversity in the population plays an increasing role in targeting markets.

ANS: T                      PTS: 1                      DIF: 1                      REF: 44  
OBJ: 2-5                      NOT: AACSB Diversity | TB&E Model Marketing Plan

54. By 2017, it is expected that Chinese and South Asians will comprise 50 percent of the visible minorities in Canada.

ANS: T                      PTS: 1                      DIF: 1                      REF: 44  
OBJ: 2-5                      NOT: AACSB Diversity | TB&E Model Marketing Plan

55. Non-smoking rooms in a hotel are part of the hotel's promotion strategy.

ANS: F                      PTS: 1                      DIF: 1                      REF: 45  
OBJ: 2-5                      NOT: AACSB Reflective Thinking | TB&E Model Promotion

56. The Chapters-Indigo website, which sells books, CDs, and DVDs is an example of a retailer responding to distribution opportunities afforded by new technologies.

ANS: T                      PTS: 1                      DIF: 2                      REF: 44  
OBJ: 2-5                      NOT: AACSB Reflective Thinking | TB&E Model Distribution

57. The ability to download Microsoft and IBM software products directly from the Internet is part of each firms' pricing strategy.

ANS: F                      PTS: 1                      DIF: 2                      REF: 44  
OBJ: 2-5                      NOT: AACSB Technology | TB&E Model Distribution

58. As part of the communication link between buyers and sellers, organizations may communicate promotional messages directly through salespeople or indirectly using advertisements and sales promotions.

ANS: T                      PTS: 1                      DIF: 2                      REF: 45  
OBJ: 2-5                      NOT: AACSB Analytic | TB&E Model Promotion

59. Pricing strategy is one of the most difficult areas of marketing decision making and is also closely regulated and subject to public scrutiny.

ANS: T                      PTS: 1                      DIF: 2                      REF: 45  
OBJ: 2-5                      NOT: AACSB Analytic | TB&E Model Pricing

60. Competition seldom has a significant effect on a marketer's pricing strategy.

ANS: F                      PTS: 1                      DIF: 1                      REF: 45  
OBJ: 2-5                      NOT: AACSB Analytic | TB&E Model Pricing

61. Marketers make decisions about target markets and marketing mix variables in a vacuum, largely unaware of occurrences in the five dynamic dimensions of the marketing environment.

ANS: F                      PTS: 1                      DIF: 2                      REF: 46  
OBJ: 2-6                      NOT: AACSB Analytic | TB&E Model Marketing Plan

## Chapter 2 – Strategic Planning in Contemporary Marketing

62. Toyota's introduction of the hybrid-powered Prius was the result of identifying a new market segment by accommodating the future needs of consumers and meeting more stringent legal requirements.

ANS: T                      PTS: 1                      DIF: 1                      REF: 46  
OBJ: 2-6                      NOT: AACSB Reflective Thinking | TB&E Model Marketing Plan

63. As the technological environment moves at a fast pace, economic and political-legal environments remain static.

ANS: F                      PTS: 1                      DIF: 1                      REF: 46  
OBJ: 2-6                      NOT: AACSB Analytic | TB&E Model Marketing Plan

64. The rule of three states that the third company in an industry has little chance of survival.

ANS: F                      PTS: 1                      DIF: 1                      REF: 46  
OBJ: 2-6                      NOT: AACSB Analytic | TB&E Model Marketing Plan

65. One reason for organizing into SBUs is to help a company make decisions about which product lines warrant commitment of additional resources and which should be removed from the firm's portfolio.

ANS: T                      PTS: 1                      DIF: 2                      REF: 48-49  
OBJ: 2-7                      NOT: AACSB Reflective Thinking | TB&E Model Marketing Plan

66. Each Strategic Business Unit (SBU) in a diversified firm shares managers, resources, objectives, and competitors with other SBUs of the same firm.

ANS: F                      PTS: 1                      DIF: 1                      REF: 48  
OBJ: 2-7                      NOT: AACSB Analytic | TB&E Model Marketing Plan

67. Each SBU in a firm prepares its plans in collaboration with other units in the organization.

ANS: F                      PTS: 1                      DIF: 1                      REF: 48  
OBJ: 2-7                      NOT: AACSB Analytic | TB&E Model Marketing Plan

68. Each SBU of a diversified company pursues the company mission; it has no specific mission of its own.

ANS: F                      PTS: 1                      DIF: 1                      REF: 48  
OBJ: 2-7                      NOT: AACSB Analytic | TB&E Model Marketing Plan

69. Strategic business units (SBUs) focus the attention of company managers so they can respond effectively to changing consumer demand within limited markets.

ANS: T                      PTS: 1                      DIF: 2                      REF: 48  
OBJ: 2-7                      NOT: AACSB Analytic | TB&E Model Marketing Plan



70. A star in the market share/market growth approach to portfolio performance analysis is an SBU with a high market share of a high-growth market.

ANS: T                      PTS: 1                      DIF: 1                      REF: 49  
OBJ: 2-7                      NOT: AACSB Analytic | TB&E Model Marketing Plan

71. Using the market share/market growth approach to portfolio performance analysis, a question mark is an SBU with a high market share of a high-growth market.

ANS: F                      PTS: 1                      DIF: 1                      REF: 49  
OBJ: 2-7                      NOT: AACSB Analytic | TB&E Model Marketing Plan

72. Using the market share/market growth approach to portfolio performance analysis, dogs are SBUs that promise poor future prospects and provide excellent candidates for abandonment at the earliest feasible moment.

ANS: T                      PTS: 1                      DIF: 1                      REF: 49  
OBJ: 2-7                      NOT: AACSB Analytic | TB&E Model Marketing Plan

73. Marketers seek to rid themselves of their cash cows because those products hold low market shares of low-growth markets.

ANS: F                      PTS: 1                      DIF: 1                      REF: 49  
OBJ: 2-7                      NOT: AACSB Analytic | TB&E Model Marketing Plan

74. When using the market attractiveness/business strength matrix, SBUs in the upper-left area of the matrix should receive the least company support.

ANS: F                      PTS: 1                      DIF: 2                      REF: 49  
OBJ: 2-7                      NOT: AACSB Analytic | TB&E Model Marketing Plan

75. SBUs in the lower-right corner of the market attractiveness/business strength matrix should be strongly supported by management.

ANS: F                      PTS: 1                      DIF: 2                      REF: 49  
OBJ: 2-7                      NOT: AACSB Analytic | TB&E Model Marketing Plan

**ESSAY**

1. Identify Porter's Five Forces and explain how the model fits together.

ANS:

Porter's Five Forces are: threat of substitute products, potential new entrants, the bargaining power of buyers, the bargaining power of suppliers, and rivalry among competitors. The first four forces influence the fifth force.

PTS: 1                      DIF: 3                      REF: 39                      OBJ: 2-4  
NOT: AACSB Reflective Thinking | TB&E Model Marketing Plan

2. Describe the aspects of strategic and tactical planning.

ANS:

- a. Strategic planning is the process of determining the organization's primary objectives and adopting appropriate courses of action.
- b. Strategic planning has a critical impact on the organization's destiny because it provides long-term direction for decision makers.
- c. Tactical planning guides the implementation of activities specified in the strategic plan.
- d. Tactical plans are usually shorter in duration than strategic plans, focusing on current and near-future activities that a firm must complete to implement the larger strategies.

PTS: 1                      DIF: 2                      REF: 34                      OBJ: 2-1  
NOT: AACSB Analytic | TB&E Model Marketing Plan

3. How does planning differ at various levels of organizational management?

ANS:

- a. Top managers spend more of their time engaged in strategic planning than managers at middle and supervisory levels.
- b. Middle-level managers tend to focus on operational planning involving creating and implementing tactical plans for their own departments.
- c. Supervisory personnel engage in developing daily and weekly programs for meeting the goals in their areas of responsibility.

PTS: 1                      DIF: 2                      REF: 35                      OBJ: 2-2  
NOT: AACSB Analytic | TB&E Model Marketing Plan

4. Distinguish between an organization's mission and its objectives. Provide an example of each.

ANS:

An organization's mission is its essential purpose that differentiates it from other organizations. An example of a mission statement is, "To be regarded as the quality and market leader of the hotel industry worldwide."

Objectives are organizational goals and guide development of supporting marketing objectives and plans. Well-conceived objectives should state relatively specific intentions. An example of an objective is, "To attain a 20 percent share of the market by 2010."

PTS: 1                      DIF: 2                      REF: 37                      OBJ: 2-3  
NOT: AACSB Reflective Thinking | TB&E Model Marketing Plan

5. Explain the difference between a first mover and second mover strategy. Give examples of companies that have followed each strategy.

ANS:

The first mover strategy is based on the notion that the company that is first to offer a product in the marketplace will be the long-term winner. An example of a successful first mover is eBay. The second mover strategy, on the other hand, is based on the notion that the best way to gain advantage in the marketplace is to closely observe the innovations of first movers and then improve on them. Microsoft is famous for adopting a second mover strategy.

PTS: 1                      DIF: 2                      REF: 40-41                      OBJ: 2-4  
NOT: AACSB Reflective Thinking | TB&E Model Marketing Plan

6. Define SWOT analysis. Why would an organization undertake a SWOT analysis of itself?

ANS:

SWOT analysis is an important strategic planning tool that assists planners in their planning task.

- a. SWOT stands for strengths, weaknesses, opportunities, and threats. The analysis provides a critical view of an organization's internal and external environment.
- b. The analysis allows planners to match the firm's internal strengths with external opportunities to secure organizational leverage in the marketplace.
- c. It further assists the firm in recognizing internal weaknesses that might prevent capitalizing on opportunities, which would constrain its activities.
- d. SWOT analysis aids in the identification of environmental threats to the firm's strengths that could lead to vulnerabilities.
- e. Finally, SWOT analysis helps spot internal weaknesses that environmental threats might attack, which would present the firm with problems.

PTS: 1                      DIF: 2                      REF: 41                      OBJ: 2-4  
NOT: AACSB Reflective Thinking | TB&E Model Marketing Plan

7. What is a strategic window? Give an example of a strategic window that exists today.

ANS:

A strategic window is a limited period during which the key requirements of a market and the particular competencies of a firm best fit together.

The growth of China has increased the number of strategic windows as that country's demand for products increases. The auto industry, in particular, is facing a strategic window as the demand for automobiles rises in the Chinese market.

PTS: 1                      DIF: 2                      REF: 42                      OBJ: 2-4

NOT: AACSB Reflective Thinking | TB&E Model Marketing Plan

8. Define marketing strategy.

ANS:

The marketing strategy is an overall, company-wide program for selecting a particular target market and then satisfying consumers in that market through the marketing mix.

PTS: 1                      DIF: 1                      REF: 43                      OBJ: 2-5

NOT: AACSB Analytic | TB&E Model Marketing Plan

9. Discuss the concept of the target market. What roles do diversity and demographics play in a target market?

ANS:

The target market is the group of people toward whom a firm decides to direct its marketing efforts. Diversity plays an ever-increasing role in targeting markets as marketers attempt to respond to population changes as they develop goods and services to offer consumers.

PTS: 1                      DIF: 2                      REF: 43                      OBJ: 2-5

NOT: AACSB Reflective Thinking | TB&E Model Marketing Plan

10. What is a marketing mix? In order for a product to succeed, what can be said about the variables in the product mix?

ANS:

The marketing mix variables—product, distribution, promotion, and price—combine to satisfy the needs of the target market. Product is a broad concept not only encompassing goods, services, and ideas, but also including the satisfaction of all consumer needs with respect to the relevant goods, services, or ideas. Distribution refers to getting products to consumers in the right quantities, at the right place, and at the right times. Promotion is the communications link between buyers and sellers. Pricing deals with the means of setting justifiable and profitable prices.

Successful products have a marketing mix in which all variables are on target. Great pricing, product, and promotion mean nothing if the customer cannot find the product. Lack of promotion could leave a great product gathering dust on retail shelves.

PTS: 1                      DIF: 3                      REF: 44-45                      OBJ: 2-5  
NOT: AACSB Analytic | TB&E Model Marketing Plan

11. What does a distribution strategy involve? Define two marketing channels.

ANS:

Marketers develop distribution strategies to ensure that consumers find their products in the proper quantities at the right times and places. Distribution decisions involve modes of transportation, warehousing, inventory control, order processing, and selection of marketing channels. Marketing channels are intermediaries that may be involved in a product's movement from producer to final consumer. Two types of marketing channels are wholesalers and retailers.

PTS: 1                      DIF: 2                      REF: 44                      OBJ: 2-5  
NOT: AACSB Analytic | TB&E Model Distribution

12. How do elements of a marketing environment affect marketing decision making?

ANS:

- a. Marketers do not make decisions about target markets and marketing mix variables in a vacuum. They do these things in a dynamic environment.
- b. The competitive environment includes anyone or anything with which the firm competes for a potential customer's discretionary purchases.
- c. The political-legal environment, including laws, regulations, and power balance within the firm, must maneuver successfully to protect its own and, to some extent, society's well-being.
- d. The economic environment deals with the health and success of the relationship between supply and demand in a given economy, and of its components.
- e. The technological environment refers to the uses of science and engineering in a society. The ability of a culture to adapt to new technology is crucial to its development.
- f. Finally, the social and cultural components of the environment certainly affect its "survivability." How well people interact is a strong measure of cultural survivability.

PTS: 1                      DIF: 3                      REF: 46-47                      OBJ: 2-6  
NOT: AACSB Analytic | TB&E Model Marketing Plan

13. Describe the strategic business unit concept.

ANS:

- a. SBUs are key business units within diversified firms that have their own managers, resources, objectives, and competitors.
- b. SBUs focus the attention of managers so they can respond to changing customer demand within limited markets.

PTS: 1                      DIF: 1                      REF: 48                      OBJ: 2-7  
NOT: AACSB Analytic | TB&E Model Strategy

14. Describe the market share/market growth matrix.

ANS:

The market share/market growth matrix places business units into a four-quadrant chart that plots market share—the percentage of the market the firm controls—against market growth potential. Stars are units with high market shares and high growth potential. The firm should invest more funds for future growth. Cash cows are units with high market shares but low growth potential. They generate strong cash flows that should be used to finance the growth of stars. Question marks are units with low market shares but high growth potential. The firm needs to watch these units carefully, making prudent investment decisions. These units typically use more cash than they generate. Dogs are units with low market shares and low growth potential. These units are least attractive and the firm should consider withdrawing.

PTS: 1                      DIF: 3                      REF: 49                      OBJ: 2-7  
NOT: AACSB Analytic | TB&E Model Marketing Plan

## MATCHING

*Match each item to the statement or sentence listed below.*

- a. planning
  - b. marketing planning
  - c. strategic planning
  - d. tactical planning
  - e. mission
  - f. first mover strategy
  - g. SWOT analysis
  - h. strategic window
  - i. marketing mix
  - j. product strategy
  - k. strategic business units (SBUs)
  - l. Porter's Five Forces
- 
- 1. is the process of anticipating future events and conditions and determining the best way to achieve organizational objectives.
  - 2. identifies competitive forces that influence planning strategies.
  - 3. The \_\_\_\_\_ process involves implementing planning activities devoted to achieving marketing objectives.
  - 4. Key business units within diversified firms are referred to as \_\_\_\_\_.
  - 5. is the process of determining an organization's primary objectives and adopting courses of action that will achieve these objectives.
  - 6. involves decisions concerning the goods and services to be offered by a firm.
  - 7. Planning that guides the implementation of activities designed to meet primary objectives is called \_\_\_\_\_.
  - 8. The \_\_\_\_\_ is the blending of the four strategy elements to fit the needs and preferences of a specific target market.
  - 9. The \_\_\_\_\_ is the essential purpose that differentiates one company from another.
  - 10. The limited period during which the key requirements of a market and the resources and skills of an organization best fit together is called the \_\_\_\_\_.
  - 11. The \_\_\_\_\_ argues that the first company to offer a product will be the long-term winner.
  - 12. is an important planning tool to determine an organization's strengths and weaknesses.

## Chapter 2 – Strategic Planning in Contemporary Marketing

1. ANS: A OBJ: 2-1	PTS: 1 NOT: AACSB Analytic   TB&E Model Marketing Plan	DIF: 1	REF: 32
2. ANS: L OBJ: 2-4	PTS: 1 NOT: AACSB Analytic   TB&E Model Marketing Plan	DIF: 1	REF: 39
3. ANS: B OBJ: 2-1	PTS: 1 NOT: AACSB Analytic   TB&E Model Marketing Plan	DIF: 1	REF: 33
4. ANS: K OBJ: 2-7	PTS: 1 NOT: AACSB Analytic   TB&E Model Marketing Plan	DIF: 1	REF: 48
5. ANS: C OBJ: 2-1	PTS: 1 NOT: AACSB Analytic   TB&E Model Marketing Plan	DIF: 1	REF: 34
6. ANS: J OBJ: 2-5	PTS: 1 NOT: AACSB Analytic   TB&E Model Marketing Plan	DIF: 1	REF: 44
7. ANS: D OBJ: 2-1	PTS: 1 NOT: AACSB Analytic   TB&E Model Marketing Plan	DIF: 1	REF: 34
8. ANS: I OBJ: 2-5	PTS: 1 NOT: AACSB Analytic   TB&E Model Marketing Plan	DIF: 1	REF: 44
9. ANS: E OBJ: 2-3	PTS: 1 NOT: AACSB Analytic   TB&E Model Marketing Plan	DIF: 1	REF: 37
10. ANS: H OBJ: 2-4	PTS: 1 NOT: AACSB Analytic   TB&E Model Marketing Plan	DIF: 1	REF: 42
11. ANS: F OBJ: 2-4	PTS: 1 NOT: AACSB Analytic   TB&E Model Marketing Plan	DIF: 1	REF: 40
12. ANS: G OBJ: 2-4	PTS: 1 NOT: AACSB Analytic   TB&E Model Marketing Plan	DIF: 1	REF: 41