

Chapter 02: Company and Marketing Strategy: Partnering to Build Customer Relationships

1. _____ is the process of developing and maintaining a strategic fit between the organization's goals and capabilities and its changing marketing opportunities.

- Strategic planning
- Annual market planning
- Short-term planning
- Long-range planning
- Advertising

Difficulty: 2

QuestionID: 02-01

Page-Reference: 46

Skill: Concept

Objective: 2-1

Answer: Strategic planning

2. _____ deals with the company's current business and _____ involves adapting a firm to take advantage of opportunities in its constantly changing environment.

- Long-range planning; strategic planning
- Short-range planning; long-range planning
- Annual planning; long-range planning
- Strategic planning; short-range planning
- Environmental scanning; strategic planning

Difficulty: 2

QuestionID: 02-02

Page-Reference: 46

Skill: Concept

Objective: 2-1

Answer: Long-range planning; strategic planning

3. Starbucks has an annual plan in place to deal with the company's current SBUs and their operations. However, as a growth-oriented firm, Starbucks is interested in both domestic and international markets. This requires Starbucks to constantly monitor the environment and adapt to the opportunities with which it is presented. To take advantage of its changing marketing opportunities, it is most important for Starbucks to have which of the following in place?

- value-delivery network
- mission statement
- supporting objectives
- profit analysis
- strategic plan

Difficulty: 2

QuestionID: 02-03

Page-Reference: 46

Skill: Concept

Objective: 2-1

Answer: strategic plan

4. The first step in strategic planning is to _____.

- set objectives and goals
- develop the business portfolio
- define the company mission
- plan marketing strategies
- identify a problem

Difficulty: 1

QuestionID: 02-04

Page-Reference: 46

Skill: Concept

Objective: 2-1

Answer: define the company mission

5. Which of the following is the final step in the strategic planning process?

- defining the company mission
- setting company objectives and goals
- designing the business portfolio
- planning marketing and other functional strategies
- identifying the company's culture

Difficulty: 2

QuestionID: 02-05

Page-Reference: 46

Skill: Concept

Objective: 2-1

Answer: planning marketing and other functional strategies

6. Which of the following provides an answer to these questions: *What is our business? Who are our customers? What do our customers value? What should our business be?*

- objectives and goals
- mission statement
- business portfolio
- marketing and functional strategies
- operational strategies

Difficulty: 2

QuestionID: 02-06

Page-Reference: 46

Skill: Concept

Objective: 2-1

Answer: mission statement

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7. A vendor for Ford Motor Company received the following message from one of Ford's marketing managers: "As we move forward during the 21st century, it is incumbent upon us to inform you that Ford is committed to building profitable customer relationships by creating environmentally better cars and getting them to market faster at lower costs." The marketing manager is most likely referring to Ford's _____.

vision statement
market tactics
business portfolio
mission statement
business objectives

Difficulty: 2

QuestionID: 02-07

Page-Reference: 46

Skill: Concept

Objective: 2-1

Answer: mission statement

8. _____ should be market oriented and defined in terms of _____.

Strategic plans; company needs
Annual plans; product needs
Long-range plans; company needs
Mission statements; customer needs
Objectives; customer needs

Difficulty: 2

QuestionID: 02-08

Page-Reference: 47

Skill: Concept

Objective: 2-1

Answer: Mission statements; customer needs

9. A _____ defines a business in terms of satisfying basic customer needs.

market-oriented mission statement
product-oriented mission statement
technology-oriented mission statement
environment-oriented mission statement
strategic plan

Difficulty: 2

QuestionID: 02-09

Page-Reference: 47

Skill: Concept

Objective: 2-1

Answer: market-oriented mission statement

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10. When the makers of a ballpoint pen state they are in the communication equipment business, they are defining their mission too _____.

- narrowly
- realistically
- specifically
- broadly
- early

Difficulty: 1

QuestionID: 02-10

Page-Reference: 47

Skill: Concept

Objective: 2-1

Answer: broadly

11. Which of the following is an accurate guideline for a clear mission statement?

- A mission statement should focus on sales.
- A mission statement should act like an "invisible hand" that guides people in the organization.
- A mission statement should focus on profits.
- A mission statement should be very general.
- A mission statement should be very specific.

Difficulty: 2

QuestionID: 02-11

Page-Reference: 47–48

Skill: Concept

Objective: 2-1

Answer: A mission statement should act like an "invisible hand" that guides people in the organization.

12. Which of the following is a market-oriented business definition?

- "to provide a local trading platform where practically anyone can trade practically anything"
- "to sell tools and home repair and improvement items"
- "to deliver low prices every day"
- "to be the best company in our industry"
- "to bring inspiration and innovation to everyone in the world"

Difficulty: 2

QuestionID: 02-12

Page-Reference: 47

Skill: Concept

Objective: 2-1

Answer: "to deliver low prices every day"

13. Which of the following is an example of a market-oriented mission statement?

"We help you organize the world's information and make it universally accessible and useful."

"We run theme parks."

"We make customer food and drink products."

"We hold online auctions."

"We sell tools and home repair items."

Difficulty: 2

QuestionID: 02-13

Page-Reference: 47

Skill: Concept

Objective: 2-1

Answer: "We help you organize the world's information and make it universally accessible and useful."

14. Which of the following is an example of a product-oriented mission statement?

"At Home Depot, we empower consumers to achieve the homes of their dreams."

"At Canada's Wonderland theme park, we create fantasies - a place where dreams come true."

"At Nike, we bring innovation and inspiration to every athlete in the world.."

"At Revlon, we sell lifestyle and self-expression; success and status; memories, hopes, and dreams."

"At CP Hotels, we rent rooms."

Difficulty: 2

QuestionID: 02-14

Page-Reference: 47

Skill: Concept

Objective: 2-1

Answer: "At CP Hotels, we rent rooms."

15. Revlon has clearly defined its "mission" of selling lifestyle and self-expression. In order for the firm to launch its strategic plan, the mission needs to be turned into detailed _____ that guide each level of the company.

sets of strategies

sets of tactics

sets of product mixes

supporting objectives

sets of promotional tools

Difficulty: 2

QuestionID: 02-15

Page-Reference: 46

Skill: Concept

Objective: 2-1

Answer: supporting objectives

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16. Paul Pierce is busy working with other managers evaluating the products and businesses making up their company. Paul is engaged in _____.

- defining the company's mission statement
- preparing a business portfolio
- portfolio analysis
- marketing planning
- marketing control

Difficulty: 2

QuestionID: 02-16

Page-Reference: 49

Skill: Concept

Objective: 2-2

Answer: portfolio analysis

17. The collection of businesses and products that make up a company is called its _____.

- strategic business unit
- mission statement
- strategic plan
- business portfolio
- operational factors

Difficulty: 1

QuestionID: 02-17

Page-Reference: 49

Skill: Concept

Objective: 2-2

Answer: business portfolio

18. Business portfolio planning involves two steps: _____ and _____.

- identifying SBUs; assessing the attractiveness of SBUs
- analyzing the current business portfolio; shaping the future business portfolio
- identifying internal strengths; identifying external opportunities
- conducting a SWOT analysis; establishing marketing controls
- identifying growth opportunities; evaluating growth opportunities

Difficulty: 2

QuestionID: 02-18

Page-Reference: 49

Skill: Concept

Objective: 2-2

Answer: analyzing the current business portfolio; shaping the future business portfolio

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19. _____ can be a company division, a product line within a division, or sometimes a single product or brand.

- A market
- The BCG
- An SBU
- A PLC
- A value delivery network

Difficulty: 2

QuestionID: 02-19

Page-Reference: 49

Skill: Concept

Objective: 2-2

Answer: An SBU

20. After management has identified the key businesses making up its company, what is the next step?

- Identify businesses in which to invest.
- Assess the attractiveness of its SBUs.
- Decide whether to harvest any businesses.
- Complete short-range planning.
- Complete SBU identification.

Difficulty: 2

QuestionID: 02-20

Page-Reference: 49

Skill: Concept

Objective: 2-2

Answer: Assess the attractiveness of its SBUs.

21. According to the text the best known product portfolio planning method was developed by _____.

- Philip Kotler
- Harvard University
- the SRI Consulting Firm
- the Boston Consulting Group
- James P. Hess

Difficulty: 1

QuestionID: 02-21

Page-Reference: 50

Skill: Concept

Objective: 2-2

Answer: the Boston Consulting Group

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22. **Most portfolio analysis methods evaluate SBUs on two dimensions, namely _____ and _____.**

market share; strength of the SBU's position
market or industry growth rate; market or industry attractiveness
market or industry attractiveness; strength of the SBU's position
market growth rate; profits
market penetration; market development

Difficulty: 2

QuestionID: 02-22

Page-Reference: 50

Skill: Concept

Objective: 2-2

Answer: market or industry attractiveness; strength of the SBU's position

23. **In the Boston Consulting Group approach, _____ provide(s) a measure of market attractiveness.**

relative market share
SBUs
cash cows
market growth rate
dogs

Difficulty: 2

QuestionID: 02-23

Page-Reference: 50

Skill: Concept

Objective: 2-2

Answer: market growth rate

24. **In the Boston Consulting Group approach, _____ serve(s) as a measure of company strength in the market.**

relative market share
SBUs
cash cows
market growth rate
market segmentation

Difficulty: 2

QuestionID: 02-24

Page-Reference: 50

Skill: Concept

Objective: 2-2

Answer: relative market share

25. The BCG growth-share matrix classifies four types of SBUs. They are _____, _____, _____, and _____.

product; price; promotion; placement
sales; market share; price; promotion
stars; cash cows; question marks; dogs
planning; organizing; leading; controlling
market penetration; market development; product development; diversification

Difficulty: 2

QuestionID: 02-25

Page-Reference: 50

Skill: Concept

Objective: 2-2

Answer: stars; cash cows; question marks; dogs

26. In the BCG approach, _____ are high-share, high-growth businesses or products. They need heavy investment to finance rapid growth. When their growth slows down, they turn into _____.

cash cows; stars
question marks; dogs
stars; question marks
stars; cash cows
dogs; cash cows

Difficulty: 2

QuestionID: 02-26

Page-Reference: 50

Skill: Concept

Objective: 2-2

Answer: stars; cash cows

27. _____ are low-growth, high share businesses or products. They generate a lot of cash that the firm uses to pay its bills and support other SBUs that need investment.

Stars
Cash cows
Question marks
Dogs
Cats

Difficulty: 2

QuestionID: 02-27

Page-Reference: 50

Skill: Concept

Objective: 2-2

Answer: Cash cows

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28. When dealing with a _____, managers must decide whether to invest in it in an attempt to build it into a star or cash cow or whether to phase it out.

star
dog
question mark
cash cow
cat

Difficulty: 2
QuestionID: 02-28
Page-Reference: 50
Skill: Concept
Objective: 2-2

Answer: question mark

29. In the BCG matrix, income from _____ can be used to help finance the company's question marks and stars.

dogs
SBUs
cash cows
sales revenue
overseas operations

Difficulty: 2
QuestionID: 02-29
Page-Reference: 50
Skill: Concept
Objective: 2-2

Answer: cash cows

30. The four possible strategies that can be pursued for each SBU are building, holding, _____, and _____.

harvesting; divesting
promoting; selling
downsizing; expanding
diversifying; penetrating
developing; growing

Difficulty: 2
QuestionID: 02-30
Page-Reference: 51
Skill: Concept
Objective: 2-2

Answer: harvesting; divesting

31. Which of the following accurately reflects a problem with the BCG matrix approach?

- It focuses on future planning.
- It can be costly to conduct.
- It detracts from the focus on profit maximization.
- It can lead to over estimation of profits.
- It focuses on classifying future businesses.

Difficulty: 2

QuestionID: 02-31

Page-Reference: 51

Skill: Concept

Objective: 2-2

Answer: It can be costly to conduct.

32. Unlike strategic-planning efforts of the past, which were conducted primarily by senior managers, today's strategic planning is more _____.

- short-term oriented
- decentralized
- limitation-free
- product-oriented
- centralized

Difficulty: 2

QuestionID: 02-32

Page-Reference: 51

Skill: Concept

Objective: 2-2

Answer: decentralized

33. Which of the following is a useful tool for identifying growth opportunities?

- the BCG matrix
- the business portfolio
- the product/market expansion grid
- the value chain
- the value delivery network

Difficulty: 1

QuestionID: 02-33

Page-Reference: 51

Skill: Concept

Objective: 2-2

Answer: the product/market expansion grid

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34. Mountain Home Farms is now using the product/market expansion grid to develop strategies. The owners of the company have most likely found the grid to be quite useful for identifying _____.

target markets
growth opportunities
key customers
new products
suppliers

Difficulty: 1

QuestionID: 02-34

Page-Reference: 52

Skill: Concept

Objective: 2-2

Answer: growth opportunities

35. Making more sales without changing a firm's products is _____.

market development
market growth
market penetration
product development
market attractiveness

Difficulty: 1

QuestionID: 02-35

Page-Reference: 52

Skill: Concept

Objective: 2-2

Answer: market penetration

36. Canada's Wonderland is identifying and developing new markets for its theme parks. Canada's Wonderland is exploring possibilities for _____.

market penetration
market development
downsizing
diversification
product development

Difficulty: 2

QuestionID: 02-36

Page-Reference: 52

Skill: Concept

Objective: 2-2

Answer: market development

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37. If Under Armour, the successful maker of moisture-wicking shirts and shorts, considered introducing a line of Under Armour fitness equipment, the company would be considering _____.

marketing controls
market development
diversification
market penetration
product adaptation

Difficulty: 2

QuestionID: 02-37

Page-Reference: 53

Skill: Concept

Objective: 2-2

Answer: diversification

38. _____ entails reducing the business portfolio by eliminating products that no longer fit the company's overall strategy.

Market segmentation
BCG
Product line extension
Downsizing
Market redesign

Difficulty: 1

QuestionID: 02-38

Page-Reference: 53

Skill: Concept

Objective: 2-2

Answer: Downsizing

39. Which of the following is a reason that a firm might want to abandon products or markets?

The market environment has changed, making a product more profitable.
The firm has entered areas in which it does not have expertise.
The economic climate is showing signs of recovery.
The firm has grown too slowly.
The firm has researched a foreign market which it has entered and it matches their domestic strategy.

Difficulty: 2

QuestionID: 02-39

Page-Reference: 53

Skill: Concept

Objective: 2-2

Answer: The firm has entered areas in which it does not have expertise.

40. The marketing concept is best thought of as which of the following?

- a guiding philosophy for the company's marketing strategy
- a specific approach to building relationships with customers, vendors, and suppliers
- the overall purpose of the company
- the position the company's product holds in customers' minds
- the organization of the company's marketing department

Difficulty: 2

QuestionID: 02-40

Page-Reference: 54

Skill: Concept

Objective: 2-3

Answer: a guiding philosophy for the company's marketing strategy

41. Each department in a company that carries out value-creating activities can be thought of as a link in the company's _____.

- market development
- product development
- business portfolio
- value chain
- value delivery network

Difficulty: 1

QuestionID: 02-41

Page-Reference: 55

Skill: Concept

Objective: 2-3

Answer: value chain

42. A value delivery network includes _____.

- employees within the company
- different departments in the company
- the company and its suppliers, distributors and customers
- consumers
- distributors and consumers

Difficulty: 2

QuestionID: 02-42

Page-Reference: 55

Skill: Concept

Objective: 2-3

Answer: the company and its suppliers, distributors and customers

43. Multinationals like Honda Motor Co. and Wal-Mart stores have designed programs to work closely with their suppliers to help them reduce their costs and improve quality. This illustrates the importance of an efficient

_____.

- business model
- low-cost operator
- product mix
- value-delivery network
- problem-solver

Difficulty: 2

QuestionID: 02-43

Page-Reference: 55

Skill: Concept

Objective: 2-3

Answer: value-delivery network

44. _____ is the marketing logic by which a company hopes to achieve profitable customer relationships.

Price
Being a low-cost operator
A consistent product mix
Marketing strategy
Implementing a differentiation strategy

Difficulty: 1

QuestionID: 02-44

Page-Reference: 56

Skill: Concept

Objective: 2-4

Answer: Marketing strategy

45. A sound marketing strategy begins with _____.

positioning
customer analysis
differentiation
promotion
SWOT analysis

Difficulty: 2

QuestionID: 02-45

Page-Reference: 57

Skill: Concept

Objective: 2-4

Answer: customer analysis

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46. **The process of customer-driven marketing involves _____, _____, _____, and _____.**

product; price; promotion; adaptation
market segmentation; market targeting; differentiation; positioning
marketing analysis; planning; implementation; feedback
analysis; targeting; implementation; control
problem identification; information search; decision; implementation

Difficulty: 2

QuestionID: 02-46

Page-Reference: 57

Skill: Concept

Objective: 2-4

Answer: market segmentation; market targeting; differentiation; positioning

47. **The process of dividing a market into distinct groups of buyers with different needs, characteristics, or behaviors is called _____.**

market targeting
positioning
marketing strategy
market segmentation
market extension

Difficulty: 1

QuestionID: 02-47

Page-Reference: 57

Skill: Concept

Objective: 2-4

Answer: market segmentation

48. **For Hyundai Corporation, customers who care primarily about the price of a car and its operating economy make up one _____.**

market position
value network
market segment
customer extension
value chain

Difficulty: 2

QuestionID: 02-48

Page-Reference: 57

Skill: Concept

Objective: 2-4

Answer: market segment

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49. _____ involves evaluating each market segment's attractiveness and selecting one or more segments to enter.

Market segmentation
Product differentiation
Market targeting
Market mixing
Positioning

Difficulty: 1

QuestionID: 02-49

Page-Reference: 57

Skill: Concept

Objective: 2-4

Answer: Market targeting

50. **Most companies today enter a new market by serving a _____; if this proves successful, they _____.**

single market segment; add segments
multitude of segments; add more segments
few segments; add more segments
niche; differentiate
target market; reposition

Difficulty: 2

QuestionID: 02-50

Page-Reference: 58

Skill: Concept

Objective: 2-4

Answer: single market segment; add segments

51. _____ is the place a product occupies in the consumer's mind relative to competitors' products.

Product placement
Product position
Market segmentation
Market targeting
Product promotion

Difficulty: 1

QuestionID: 02-51

Page-Reference: 58

Skill: Concept

Objective: 2-4

Answer: Product position

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52. Jill Reno has researched new markets and has decided which segments to enter. Next she should decide what _____ her company should occupy in those segments.

- position
- place
- rank
- rating
- percentage of space

Difficulty: 1

QuestionID: 02-52

Page-Reference: 58

Skill: Concept

Objective: 2-4

Answer: position

53. Effective positioning begins with _____ the company's marketing offer in order to give consumers more perceived value.

- pricing
- aligning
- differentiating
- promoting
- placing

Difficulty: 2

QuestionID: 02-53

Page-Reference: 58

Skill: Concept

Objective: 2-4

Answer: differentiating

54. In the four Ps of the marketing mix, design, packaging, services, and variety all fall under the category of _____.

- product
- price
- promotion
- place
- position

Difficulty: 2

QuestionID: 02-54

Page-Reference: 60

Skill: Concept

Objective: 2-4

Answer: product

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55. The four *Ps* concept takes the seller's or marketer's view of the market. What are the buyer's four *Cs*?

- convenience, cost, competition, and communication
- customer solution, customer cost, convenience, and communication
- customer solution, customer satisfaction, convenience, and communication
- customer satisfaction, customer value, convenience, and customer relationships
- customer solution, customer value, convenience, and communication

Difficulty: 2

QuestionID: 02-55

Page-Reference: 61–62

Skill: Concept

Objective: 2-4

Answer: customer solution, customer cost, convenience, and communication

56. The text suggests that instead of thinking of selling products, marketers would be wise to take the customer's view and think of _____.

- providing convenience
- offering solutions to problems
- initiating two-way communication
- offering discounts
- connecting services and products

Difficulty: 2

QuestionID: 02-56

Page-Reference: 62

Skill: Concept

Objective: 2-4

Answer: offering solutions to problems

57. In the marketing management functions, a SWOT analysis should _____ a marketing plan.

- precede
- coincide with
- follow
- evaluate
- take priority over

Difficulty: 2

QuestionID: 02-57

Page-Reference: 62

Skill: Concept

Objective: 2-5

Answer: precede

58. In a **SWOT analysis**, which of the following would be considered a strength?

internal limitations
trends in the market
favorable factors in the environment
factors that challenge the company's performance
internal resources

Difficulty: 2

QuestionID: 02-58

Page-Reference: 63

Skill: Concept

Objective: 2-5

Answer: internal resources

59. In a **SWOT analysis**, which of the following refers to factors in the external environment?

strengths
strategies
weaknesses
opportunities
trends

Difficulty: 2

QuestionID: 02-59

Page-Reference: 63

Skill: Concept

Objective: 2-5

Answer: opportunities

60. To be successful at marketing, companies must effectively turn marketing planning into _____.

marketing analysis
marketing implementation
marketing control
marketing audits
marketing budgeting

Difficulty: 2

QuestionID: 02-60

Page-Reference: 64–65

Skill: Concept

Objective: 2-5

Answer: marketing implementation

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61. Under the _____ organizational format of marketing departments, different marketing activities are headed by a specialist such as a sales manager, advertising manager, marketing research manager, or customer-service manager.

geographic
product management
market management
customer-centered
functional

Difficulty: 2

QuestionID: 02-61

Page-Reference: 65

Skill: Concept

Objective: 2-5

Answer: functional

62. Modern marketing departments are increasingly arranged using _____.

cross-functional teams
market manipulation teams
production management arrangements
political structures
media teams

Difficulty: 2

QuestionID: 02-62

Page-Reference: 67

Skill: Concept

Objective: 2-5

Answer: cross-functional teams

63. The _____ organizational format requires that a complete strategy and marketing program is developed and implemented for a specific brand.

functional
market management
geographic
product management
customer management

Difficulty: 2

QuestionID: 02-63

Page-Reference: 65

Skill: Concept

Objective: 2-5

Answer: product management

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64. The _____ organizational system's main advantage is that the company is organized around the needs of specific market segments.

product management
market management
geographic management
vertical management
functional management

Difficulty: 2

QuestionID: 02-64

Page-Reference: 65

Skill: Concept

Objective: 2-5

Answer: market management

65. An increasingly large number of firms are changing their organizational focus from _____ to _____.

product management; functional management
product management; geographic management
brand management; customer relationship management
geographic management; functional management
global management; regional management

Difficulty: 2

QuestionID: 02-65

Page-Reference: 67

Skill: Concept

Objective: 2-5

Answer: brand management; customer relationship management

66. Evaluating the results of marketing strategies and plans and taking corrective action to ensure that objectives are attained is called _____.

marketing control
strategic control
operating control
developmental control
efficiency

Difficulty: 1

QuestionID: 02-66

Page-Reference: 67

Skill: Concept

Objective: 2-5

Answer: marketing control

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67. The marketing control process entails the following steps in order: setting goals, _____, evaluating performance, and _____.

- evaluating goals; measuring performance
- achieving goals; measuring performance
- taking corrective action; measuring performance
- measuring performance; taking corrective action
- taking corrective action; following up

Difficulty: 2

QuestionID: 02-67

Page-Reference: 67

Skill: Concept

Objective: 2-5

Answer: measuring performance; taking corrective action

68. Which of the following may be required in the marketing control process?

- setting long term goals
- assigning profit
- changing the action programs
- defining the mission
- discounting the causes of gaps in performance

Difficulty: 2

QuestionID: 02-68

Page-Reference: 67

Skill: Concept

Objective: 2-5

Answer: changing the action programs

69. Ensuring that the company achieves the sales, profits, and other goals set out in its annual marketing plan is the purpose of _____.

- marketing control
- operating control
- strategic control
- anticipatory control
- a marketing audit

Difficulty: 2

QuestionID: 02-69

Page-Reference: 67

Skill: Concept

Objective: 2-5

Answer: operating control

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70. _____ involves looking at whether a company's basic strategies are well matched to its opportunities.

Operating control
Market management organization
Marketing control
Strategic control
Distribution

Difficulty: 1

QuestionID: 02-70

Page-Reference: 67–68

Skill: Concept

Objective: 2-5

Answer: Strategic control

71. With the rise of social media, two major challenges facing marketers today are _____.

keeping up with the changing technology and learning how to use it
keeping up with changing technology and choosing the best ones to use
understanding how to use the tools in a way that achieves marketing goals and measuring the effects of social media programs
understanding how to use the tools in a way that achieves marketing goals and interpreting the information gathered
measuring the most effective tools for use and measuring the effects of social media programs

Difficulty: 2

QuestionID: 02-71

Page-Reference: 68

Skill: Concept

Objective: 2-5

Answer: understanding how to use the tools in a way that achieves marketing goals and measuring the effects of social media programs

72. Which of the following measures the profits generated by investments in marketing activities?

SWOT analysis
marketing audits
executive summaries
marketing ROI
budgets

Difficulty: 2

QuestionID: 02-72

Page-Reference: 68

Skill: Concept

Objective: 2-5

Answer: marketing ROI

73. Which of the following is a customer-centered measure of marketing impact?

customer management
customer's acquisitions
customer equity
customer retention of promotions
producer lifetime value

Difficulty: 1

QuestionID: 02-73

Page-Reference: 69

Skill: Concept

Objective: 2-5

Answer: customer equity

74. Monsanto operates in many businesses, including pharmaceuticals and food products. The company defines its _____ as creating "abundant food and a healthy environment."

strategy
market development
business portfolio
mission
value-delivery network

Difficulty: 2

QuestionID: 02-74

Page-Reference: 46

Skill: Application

Objective: 2-1

Answer: mission

75. Kimball Gardens is a company that operates as two distinct businesses—one that sells lawn and garden products and one that markets booklets. Each business is called a _____.

separate entity
strategic business unit (SBU)
matrix
division
business portfolio

Difficulty: 2

QuestionID: 02-75

Page-Reference: 49

Skill: Application

Objective: 2-1

Answer: strategic business unit (SBU)

76. The pharmaceuticals division of Omni Healthcare holds low market share in a high-growth market. In order to increase market share, managers may decide to _____.

- hold the pharmaceuticals division's share
- implement a harvest strategy
- use money from a cash cow to promote the pharmaceuticals division
- divest the SBU
- diversify the pharmaceutical division

Difficulty: 3

QuestionID: 02-76

Page-Reference: 50

Skill: Application

Objective: 2-2

Answer: use money from a cash cow to promote the pharmaceuticals division

77. The Bank of Ontario bought Pershing, an off-shore investment firm with operations in India, from Credit Suisse First Boston. The Bank of Ontario is pursuing a _____.

- product development strategy
- downsizing strategy
- diversification strategy
- market penetration strategy
- product adaptation

Difficulty: 2

QuestionID: 02-77

Page-Reference: 53

Skill: Application

Objective: 2-2

Answer: diversification strategy

78. Acme, Inc., has modified the production processes of its widgets and gadgets in order to tap into the Eastern European market. Acme is likely following a _____ strategy.

- market penetration
- market development
- diversification
- harvesting
- product development

Difficulty: 2

QuestionID: 02-78

Page-Reference: 52

Skill: Application

Objective: 2-2

Answer: market development

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79. Starbucks has introduced a debit card that lets customers prepay for coffee and snacks. This effort by Starbucks management is an example of _____.

market development
product development
diversification
market penetration
product adaptation

Difficulty: 2

QuestionID: 02-79

Page-Reference: 52

Skill: Application

Objective: 2-2

Answer: market penetration

80. The U.S.-based company Wal-Mart, the world's largest retailer, has successfully launched its stores in Mexico, Canada, the U.K., and Germany, and other nations. This is an example of how Wal-Mart is pursuing _____ as a growth strategy.

market penetration
product development
demographic market development
geographical market development
diversification

Difficulty: 2

QuestionID: 02-80

Page-Reference: 52

Skill: Application

Objective: 2-2

Answer: geographical market development

81. Walmart relies on sound relationships with its low-cost suppliers in order to pass low prices on to consumers. Thus, forming a _____ is crucial to Walmart's success.

value delivery network
growth-share matrix
customer relationship management policy
market concept philosophy
diversification strategy

Difficulty: 2

QuestionID: 02-81

Page-Reference: 54–55

Skill: Application

Objective: 2-3

Answer: value delivery network

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82. AllPro Plastics is in the process of dividing a market into distinct groups of buyers with different needs, characteristics, and behaviors who might require separate products or marketing programs. Which of the following is this firm doing?

- market development
- market diversification
- market penetration
- market targeting
- market segmentation

Difficulty: 1

QuestionID: 02-82

Page-Reference: 57

Skill: Application

Objective: 2-4

Answer: market segmentation

83. Paul Pendergraft has identified a group of potential customers who seem to respond in a similar way to a series of magazine and radio advertisements for his company's product. Paul has identified a(n) _____.

- target market
- market segment
- market
- market position
- undefined niche

Difficulty: 1

QuestionID: 02-83

Page-Reference: 57

Skill: Application

Objective: 2-4

Answer: market segment

84. Paul Pendergraft is evaluating each market segment's attractiveness and is in the process of selecting one or more segments for his firm's product to enter. What is Paul doing?

- market targeting
- marketing segmenting
- marketing
- market positioning
- market penetrating

Difficulty: 1

QuestionID: 02-84

Page-Reference: 57–58

Skill: Application

Objective: 2-4

Answer: market targeting

85. **Memories R Us specializes in serving market segments that major competitors overlook and ignore. Which of the following best describes Memories R Us'?**

- market follower
- marketer challenger
- market seeker
- market nicher
- full market coverer

Difficulty: 1

QuestionID: 02-85

Page-Reference: 58

Skill: Application

Objective: 2-4

Answer: market nicher

86. **Saturn is "a different kind of company, a different kind of a car"; the Hummer is "like nothing else." These statements reflect a firm's _____.**

- product portfolio
- target markets
- market positioning
- strategy
- market niche

Difficulty: 2

QuestionID: 02-86

Page-Reference: 58

Skill: Application

Objective: 2-4

Answer: market positioning

87. **Of the following, it is most important for marketers to develop _____ for their products.**

- customer management organizations
- unique market positions
- market management organizations
- marketing ROI data
- marketing dashboards

Difficulty: 1

QuestionID: 02-87

Page-Reference: 58

Skill: Application

Objective: 2-4

Answer: unique market positions

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88. **Environmental Service Company** wants to practice effective positioning. To do so, the owners must _____ their marketing offering to give consumers more value than the services offered by competitors.

differentiate
promote
advertise
sell
represent

Difficulty: 1

QuestionID: 02-88

Page-Reference: 58

Skill: Application

Objective: 2-4

Answer: differentiate

89. **Harris, the marketing manager at a small sports retail chain**, has conducted a marketing analysis. He has investigated the company's internal resources and situational factors, as well as factors and trends in the competitive sports retail chain market. Which of the following has Harris completed?

SWOT analysis
business portfolio analysis
executive summary
marketing plan
marketing mix

Difficulty: 1

QuestionID: 02-89

Page-Reference: 62

Skill: Application

Objective: 2-5

Answer: SWOT analysis

90. Which of the following most accurately identifies a difference between a weakness and a threat in SWOT analysis?

A company is more able to change a threat than a weakness.
A company is more able to change a weakness than a threat.
A company can be more negatively affected by a weakness than by a threat.
A company can be more negatively affected by a threat than by a weakness.
A company can more easily identify threats than weaknesses.

Difficulty: 3

QuestionID: 02-90

Page-Reference: 63

Skill: Application

Objective: 2-5

Answer: A company is more able to change a weakness than a threat.

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91. Emerson Studios, a chain of 25 portrait stores in five provinces and territories, has organized its marketing organization into different marketing activities that are headed by specialists. What type of organization is this?

geographic
product
organic
functional
market

Difficulty: 2

QuestionID: 02-91

Page-Reference: 65

Skill: Application

Objective: 2-5

Answer: functional

92. Peter Cramer is constantly involved in evaluating the results of marketing strategies and plans and taking corrective action to ensure that objectives are attained. Peter's current work is most accurately classified as _____.

marketing control
marketing planning
strategic planning
tactical planning
strategic control

Difficulty: 1

QuestionID: 02-92

Page-Reference: 67

Skill: Application

Objective: 2-5

Answer: marketing control

93. Juanita Castro is looking at whether her company's strategies are well matched to its opportunities. Juanita is utilizing _____.

marketing control
operating control
strategic control
SWOT analysis
marketing auditing

Difficulty: 2

QuestionID: 02-93

Page-Reference: 67–68

Skill: Application

Objective: 2-5

Answer: strategic control

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94. ABC Financial Services has just developed a formal statement of its purpose. This firm has put together a mission statement.

- a True
- b False

Difficulty: 1

QuestionID: 02-94

Page-Reference: 46

Skill: Concept

Objective: 2-1

Answer: a. True

95. Mission statements should be realistic and general in nature.

- a True
- b False

Difficulty: 2

QuestionID: 02-95

Page-Reference: 47

Skill: Concept

Objective: 2-1

Answer: b. False

96. Mission statements should both fit the market environment and be motivating.

- a True
- b False

Difficulty: 1

QuestionID: 02-96

Page-Reference: 47

Skill: Concept

Objective: 2-1

Answer: a. True

97. At Google, "we help you organize the world's information and make it universally accessible," is a product-oriented mission.

- a True
- b False

Difficulty: 2

QuestionID: 02-97

Page-Reference: 47

Skill: Application

Objective: 2-1

Answer: b. False

98. "At Nike, we sell shoes" is a market-oriented business definition.

- a True
- b False

Difficulty: 2

QuestionID: 02-98

Page-Reference: 47

Skill: Application

Objective: 2-1

Answer: b. False

99. A firm's mission statement should be the basis for both its business and marketing objectives.

- a True
- b False

Difficulty: 2

QuestionID: 02-99

Page-Reference: 47

Skill: Concept

Objective: 2-1

Answer: a. True

100. The primary activity in strategic planning is goal setting.

- a True
- b False

Difficulty: 3

QuestionID: 02-100

Page-Reference: 49

Skill: Concept

Objective: 2-2

Answer: b. False

101. When designing business portfolios, most companies are well advised to add a broad range of products and businesses to their organization.

- a True
- b False

Difficulty: 2

QuestionID: 02-101

Page-Reference: 49

Skill: Concept

Objective: 2-2

Answer: b. False

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102. In the BCG matrix, "dogs" by definition are businesses and products that do not generate enough cash to maintain themselves.

- a True
- b False

Difficulty: 3

QuestionID: 02-102

Page-Reference: 50

Skill: Concept

Objective: 2-2

Answer: b. False

103. More and more companies involve only upper-level management teams in strategic planning.

- a True
- b False

Difficulty: 2

QuestionID: 02-103

Page-Reference: 51

Skill: Concept

Objective: 2-2

Answer: b. False

104. Though companies need to grow to compete effectively and satisfy their stakeholders, growth itself should not be a company's objective.

- a True
- b False

Difficulty: 2

QuestionID: 02-104

Page-Reference: 52

Skill: Concept

Objective: 2-2

Answer: a. True

105. The growth strategy of diversification involves offering modified or new products to current markets.

- a True
- b False

Difficulty: 2

QuestionID: 02-105

Page-Reference: 53

Skill: Concept

Objective: 2-2

Answer: b. False

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106. **A company should consider downsizing when products of an SBU no longer fit the company's overall strategy.**

- a True
- b False

Difficulty: 2

QuestionID: 02-106

Page-Reference: 53

Skill: Concept

Objective: 2-2

Answer: a. True

107. **The marketing department alone cannot produce superior value for customers.**

- a True
- b False

Difficulty: 1

QuestionID: 02-107

Page-Reference: 54

Skill: Concept

Objective: 2-3

Answer: a. True

108. **A company's value chain is only as strong as its strongest link, or most effective department.**

- a True
- b False

Difficulty: 2

QuestionID: 02-108

Page-Reference: 54

Skill: Concept

Objective: 2-3

Answer: b. False

109. **To improve its value delivery network, a company needs to examine the value chains of its suppliers and distributors.**

- a True
- b False

Difficulty: 2

QuestionID: 02-109

Page-Reference: 54

Skill: Application

Objective: 2-3

Answer: a. True

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110. The image of a product in the minds of consumers is called market segmentation.

- a True
- b False

Difficulty: 1

QuestionID: 02-110

Page-Reference: 57

Skill: Concept

Objective: 2-4

Answer: b. False

111. A market segment consists of consumers who respond in different ways to a given set of marketing efforts.

- a True
- b False

Difficulty: 1

QuestionID: 02-111

Page-Reference: 57

Skill: Concept

Objective: 2-4

Answer: b. False

112. Holiday Inn has divided the total customer market into smaller segments and selected the most promising segments. Deciding what position it wants to occupy in these segments is called targeting.

- a True
- b False

Difficulty: 2

QuestionID: 02-112

Page-Reference: 57–58

Skill: Application

Objective: 2-4

Answer: b. False

113. A company with limited resources would likely decide to serve all segments of a market.

- a True
- b False

Difficulty: 2

QuestionID: 02-113

Page-Reference: 58

Skill: Concept

Objective: 2-4

Answer: b. False

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114. When a company positions its product, it must first identify possible customer value differences within a market segment that could be the basis of a competitive advantage for the product.

- a True
- b False

Difficulty: 2
QuestionID: 02-114
Page-Reference: 58
Skill: Concept
Objective: 2-4

Answer: a. True

115. Guided by marketing strategy, the company designs a marketing mix made up of factors under its control: product, price, place, and promotion.

- a True
- b False

Difficulty: 2
QuestionID: 02-115
Page-Reference: 60
Skill: Concept
Objective: 2-4

Answer: a. True

116. In the four Ps of the marketing mix, promotion refers solely to advertising.

- a True
- b False

Difficulty: 1
QuestionID: 02-116
Page-Reference: 61
Skill: Concept
Objective: 2-4

Answer: b. False

117. One valid criticism of the four Ps concept is that services are not considered.

- a True
- b False

Difficulty: 3
QuestionID: 02-117
Page-Reference: 60–61
Skill: Concept
Objective: 2-4

Answer: b. False

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118. The four Ps concept takes the seller's view of the market.

- a True
- b False

Difficulty: 2

QuestionID: 02-118

Page-Reference: 61

Skill: Concept

Objective: 2-4

Answer: a. True

119. The four marketing management functions are analysis, planning, implementation, and control.

- a True
- b False

Difficulty: 2

QuestionID: 02-119

Page-Reference: 62

Skill: Concept

Objective: 2-5

Answer: a. True

120. In SWOT analysis, strengths and weaknesses refer to a firm's internal environment, while opportunities and threats refer to the external environment.

- a True
- b False

Difficulty: 2

QuestionID: 02-120

Page-Reference: 63

Skill: Concept

Objective: 2-5

Answer: a. True

121. Through annual marketing planning, the company decides what it wants to do with each business unit.

- a True
- b False

Difficulty: 2

QuestionID: 02-121

Page-Reference: 63

Skill: Concept

Objective: 2-5

Answer: b. False

122. Marketing planning is the task of selecting marketing strategies for each business, product, or brand in a company with the goal of helping the company attain its overall objectives.

- a True
- b False

Difficulty: 2

QuestionID: 02-122

Page-Reference: 63

Skill: Concept

Objective: 2-5

Answer: a. True

123. The final step in the marketing control process is taking corrective action to erase any gaps between goals and performance.

- a True
- b False

Difficulty: 2

QuestionID: 02-123

Page-Reference: 67

Skill: Concept

Objective: 2-5

Answer: a. True

124. Define strategic planning. Discuss the steps involved.

Difficulty: 2

QuestionID: 02-124

Page-Reference: 46

Skill: Concept

Objective: 2-1

Answer: The process of developing and maintaining a strategic fit between the organization's goals and capabilities and its changing marketing opportunities is called strategic planning. At the outset, beginning at the corporate level, each company must define its overall purpose and mission. What is our business? Who is the customer? What do our customers value? Answers to these questions are crucial in writing a clear mission statement. Mission statements need to be carefully defined in terms of customer needs. Missions should be realistic, motivating, and fit the market environment. Missions then lead to setting business and marketing objectives/goals in the planning process. This is followed by decisions regarding what portfolio of businesses and products is best for the company and how much support to give each one. Next, each business and product develops detailed marketing and other functional strategies. In this step, plans are drawn at the business unit, product, and market levels in support of company-wide plans.

125. What is business portfolio planning? Discuss how a company might use the Boston Consulting Group's product portfolio analysis method.

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Difficulty: 2
QuestionID: 02-125
Page-Reference: 49–53
Skill: Application
Objective: 2-2

Answer: A business portfolio is the collection of businesses and products that make up the company. Business portfolio planning entails two steps. First, there is an analysis of the company's current business portfolio, followed by decisions about what businesses should receive more, less, or no investment. Second, planners must shape the future portfolio by developing strategies for growth and/or downsizing. The Boston Consulting Group matrix evaluates SBUs on two important dimensions: the attractiveness of the SBU's market or industry growth rate and the strength of the SBU's position or relative market share in that market or industry. The growth-share matrix defines four types of SBUs: stars, cash cows, question marks, and dogs. Once each SBU has been defined, a company can determine what role each will play in the firm's future, using strategies of building, holding, harvesting, or divesting each SBU.

126. **What are some problems with matrix approaches?**

Difficulty: 2
QuestionID: 02-126
Page-Reference: 51
Skill: Concept
Objective: 2-2

Answer: The BCG and other portfolio planning approaches can be difficult to execute, time consuming, and also costly to implement. Defining SBUs and the measurement of relative market share and growth can be a difficult task as well. A serious flaw with these approaches is that, while they are helpful for classifying current businesses, they offer little or no advice for future planning.

127. **The BCG is a useful approach to evaluate current businesses. Describe a device that a firm could use to identify future growth opportunities.**

Difficulty: 2
QuestionID: 02-127
Page-Reference: 52
Skill: Application
Objective: 2-2

Answer: The product/market expansion grid is a useful device for identifying growth opportunities in the future. There are four strategies available to companies: market penetration, market development, product development, and diversification. Market penetration entails making more sales to current customers without changing products. Market development involves identifying and developing new markets for a company's products. New markets include demographic groups and geographic regions, among others. Companies can also consider product development, offering modified or new products to current markets. Diversifying companies might consider acquiring or starting new businesses unrelated to their core competencies. However, diversifying too broadly can be detrimental in the long run.

128. **What does the term "value-delivery network" mean? Explain.**

Difficulty: 2
QuestionID: 02-128
Page-Reference: 55–56
Skill: Application
Objective: 2-3

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Answer: For decades, marketers have traditionally created value to satisfy customer needs and wants. Today, the manufacturer or retailer needs to look beyond its own value chain and into the value chains of suppliers and distributors to create value throughout the entire supply chain. More companies are partnering with other members of the supply chain to improve the performance of the customer value-delivery network. In fact, today competition takes place between entire value delivery networks instead of between individual competitors.

129. Define marketing strategy. Discuss the steps in formulating marketing strategy.

Difficulty: 2

QuestionID: 02-129

Page-Reference: 56–60

Skill: Application

Objective: 2-4

Answer: The marketing logic by which a company hopes to achieve profitable relationships is called its marketing strategy. Marketing strategy formulation entails four specific steps: market segmentation, market targeting, differentiation, and positioning. The process of dividing a market into distinct groups of buyers with different needs, characteristics, or behavior is called market segmentation. Market targeting involves evaluating each market segment's attractiveness and selecting one or more segments to enter. A company should target segments in which it can profitably generate the greatest customer value and sustain that value over time. Effective positioning begins with actually differentiating the company's marketing offer so that it gives consumers greater value. Positioning is defined as creating a distinct image of a product in the eyes of target consumers. A product's positioning should take advantage of a competitive advantage within the market target.

130. Explain why, according to the authors of your text, the four Ps concept of the marketing mix takes a seller's view of the market, not the buyer's view. How should marketers consider the buyer's view?

Difficulty: 3

QuestionID: 02-130

Page-Reference: 61–62

Skill: Application

Objective: 2-4

Answer: In today's day and age of customer relationship marketing, the four Ps can be described as the four Cs from the customer's point of view. In lieu of product, there is customer solution; that is, customers buy solutions to their problems or look for value in products. Customers are more interested in the total costs of obtaining, using, and disposing of a product. That is, customer cost replaces price in customer relationships. The place element of the marketing mix focuses on convenience. Convenience in availability is the central focus of customers. Finally, customers and marketers want two-way communication. Marketers should use the four Cs as a base for the four Ps of their marketing mix.

131. Define marketing planning. Briefly outline the major steps in a marketing plan.

Difficulty: 2

QuestionID: 02-131

Page-Reference: 63

Skill: Application

Objective: 2-5

Answer: Marketing planning involves deciding on marketing strategies that will help the company achieve its overall strategic objectives. A detailed marketing plan is needed at the business, product, or brand level. An executive summary is the first step in the plan. It contains a brief summary of the main goals and recommendations of the plan for management review. The main section of the plan presents a detailed SWOT analysis of the current marketing situation, along with potential threats and opportunities. The plan then states major objectives for the brand and outlines the

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specifics of a marketing strategy for achieving them. In addition, action programs for implementing the marketing strategy along with the details of a supporting marketing budget are presented. The final section outlines the controls used to monitor progress and corrective action.

132. Marketing departments are organized in several ways. Compare and contrast the most common forms of marketing organizations.

Difficulty: 2

QuestionID: 02-132

Page-Reference: 65–67

Skill: Application

Objective: 2-5

Answer: Some common forms of marketing department organization include functional organization, geographical organization, product management organization, and market management organization. Under a functional department organization, a functional specialist, such as a sales manager, advertising manager, or market research manager, is responsible for all marketing activities. Under a geographic organization, sales and marketing people are assigned to specific countries, regions, and districts. Product management organization first appeared at P&G in 1929. Under this approach, a product manager develops and implements a complete strategy and marketing program for a specific product or brand. Under a market or customer management organization, the company is organized around the needs of specific customer segments. In firms that use this organization, one product line is sold to many different types of markets and customers that have different needs and preferences. Finally, large companies that produce many products sold in many geographic areas typically use some combination of these organizational forms.

133. Briefly discuss how marketers measure return on marketing investment, explaining why this figure can be difficult to assess.

Difficulty: 3

QuestionID: 02-133

Page-Reference: 68–70

Skill: Application

Objective: 2-5

Answer: Marketing ROI (return on investment) is the net return from a marketing investment divided by the costs of the marketing investment. In other words, ROI is a measure of the profits generated by investments in a marketing activity. Marketing ROI can be difficult to assess because the benefits of marketing are not always easily translated in dollar amounts. However, marketing ROI can be assessed in terms of brand awareness, sales, or market share. Some companies are now using marketing dashboards, which are single displays showing several sets of marketing performance measures. And beyond standard performance measures, many marketers are using customer—centered measures such as customer acquisition, retention, and lifetime value.

134. Why should a mission statement be market oriented instead of product or technology oriented?

Difficulty: 2

QuestionID: 02-134

Page-Reference: 47

Skill: Application

Objective: 2-1

Answer: A market-oriented mission statement defines the business in terms of customer needs; products and technologies become outdated, but basic market needs may last forever.

135. Why should a mission statement be "motivating" instead of stated in terms of sales or profits?

Difficulty: 3

QuestionID: 02-135

Page-Reference: 47–48

Skill: Application

Objective: 2-2

Answer: Sales and profits are only a reward for undertaking a useful activity; a company's employees will be more dedicated to the company's mission if they feel that their work is significant.

136. What is a strategic business unit (SBU) and how is it involved in a business portfolio analysis?

Difficulty: 1

QuestionID: 02-136

Page-Reference: 49

Skill: Application

Objective: 2-2

Answer: An SBU is a key part of a company—whether a product, product line, department, or an entire division—that has its own mission and objectives. Identifying and analyzing a company's SBUs are the first two steps in business portfolio analysis.

137. Into what BCG quadrant does a high-share, high-growth SBU fall?

Difficulty: 1

QuestionID: 02-137

Page-Reference: 50

Skill: Application

Objective: 2-2

Answer: It falls into the "star" category.

138. What type of strategy should a company use to manage its cash cows?

Difficulty: 1

QuestionID: 02-138

Page-Reference: 5

Skill: Application

Objective: 2-2

Answer: Because a cash cow generates cash without much investment, a company should use the profits to support other SBUs.

139. How might the BCG matrix represent a life cycle?

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Difficulty: 3
QuestionID: 02-139
Page-Reference: 50–51
Skill: Application
Objective: 2-2

Answer: Many SBUs start out as question marks, then move into the star category if they succeed; stars eventually become cash cows, and then perhaps, dogs.

140. Give a situation in which the suggested strategy for a dog might be to divest.

Difficulty: 3
QuestionID: 02-140
Page-Reference: 50–51
Skill: Application
Objective: 2-2

Answer: Consider a new technology that is being launched into a market. If managers of the dog expect that the new technology will replace the dog, divesting would be practical.

141. According to the product/market expansion grid, what strategy is a company following when it attempts to increase sales of current products to current customers?

Difficulty: 2
QuestionID: 02-141
Page-Reference: 52
Skill: Application
Objective: 2-2

Answer: This is a market penetration strategy.

142. How might Party Planning Paradise, a company that sells a wide range of party supplies for all occasions, implement a market development strategy?

Difficulty: 2
QuestionID: 02-142
Page-Reference: 52
Skill: Application
Objective: 2-2

Answer: Party Planning Paradise might attempt to identify and develop new markets for its current products, looking for different demographic markets and geographical markets that might have a need its products would satisfy.

143. According to the product/market expansion grid, what strategy would a fast-food hamburger restaurant follow if it offered a salad bar option during lunch hours?

Difficulty: 2
QuestionID: 02-143
Page-Reference: 52
Skill: Application
Objective: 2-2

Answer: In this scenario, the restaurant would be following a product development strategy.

144. Into what quadrant of the product/market expansion grid would a "new and improved" product fall?

Difficulty: 2

QuestionID: 02-144

Page-Reference: 52

Skill: Application

Objective: 2-2

Answer: The "new and improved" product would fall into the product development quadrant.

145. What are two situations in which a company may develop strategies for downsizing its business portfolio?

Difficulty: 2

QuestionID: 02-145

Page-Reference: 53

Skill: Application

Objective: 2-2

Answer: Such strategies may prevail if a company has grown too fast or has entered areas where it lacks experience.

146. How are partner relationship management and the value chain related?

Difficulty: 2

QuestionID: 02-146

Page-Reference: 54

Skill: Application

Objective: 2-3

Answer: Marketers must work closely and coordinate activities with partners in other company departments to form an effective value chain, with each department executing value-creating activities to design, produce, market, deliver, and support the company's products.

147. Explain how a marketer of baking soda may attempt to attract more than one market segment.

Difficulty: 3

QuestionID: 02-147

Page-Reference: 57

Skill: Application

Objective: 2-4

Answer: Some consumers buy baking soda as a baking ingredient and some consumers buy baking soda to use as a deodorizer, for example. The marketer will focus on both distinct uses in the marketing mix, such as how the product is promoted.

148. How might a marketer of pens alter the "product" portion of the marketing mix when targeting female college students versus male college students?

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Difficulty: 2
QuestionID: 02-148
Page-Reference: 60
Skill: Application
Objective: 2-4

Answer: The marketer may use feminine colors and a spiral-flower stripe, for example, when marketing its pens to the females; when targeting males, the marketer might use more neutral colors.

149. **What role does the marketing mix play in positioning?**

Difficulty: 2
QuestionID: 02-149
Page-Reference: 58
Skill: Application
Objective: 2-4

Answer: The marketing mix components of product, price, place, and promotion are the tools that a company can use to differentiate its products from competitors' and to achieve strong positioning in a target market.

150. **Why is marketing analysis such an important part of marketing management?**

Difficulty: 2
QuestionID: 02-150
Page-Reference: 63
Skill: Application
Objective: 2-5

Answer: This function allows the marketer to analyze internal strengths and weaknesses as well as environmental opportunities and threats which, in turn, allows the marketer to match the company's strengths to opportunities to pursue. From this starting point, the market can continue with planning, implementation, and control.

151. **In SWOT analysis, what is the difference between a weakness and a threat?**

Difficulty: 2
QuestionID: 02-151
Page-Reference: 63
Skill: Application
Objective: 2-5

Answer: In SWOT analysis, weaknesses are internal factors that may interfere with a company's objectives, while threats are external factors that challenge the company.

152. **Why is marketing implementation often difficult to carry out?**

Difficulty: 2
QuestionID: 02-152
Page-Reference: 65
Skill: Application
Objective: 2-5

Answer: While marketing planning may directly involve a small percentage of a firm's employees, marketing implementation must be carried out by people at all levels of the marketing system; the decisions employees make each day must be aligned with the marketing strategy.

153. **Why are many marketers today using customer-centered measures of marketing ROI?**

Difficulty: 2

QuestionID: 02-153

Page-Reference: 69–70

Skill: Application

Objective: 2-5

Answer: Companies are looking at marketing expenditures as investments in profitable customer relationships, with the goal of increasing individual customer lifetime values and overall customer equity.

154. **Scenario**

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"My wife, Gail, and I didn't know what we were getting into," commented Ron Hart, the owner. "We just knew that weekenders coming to the lakes in our rural area represented an untapped market."

Today, thousands of visitors flock to Fun-Spot—families, children of all ages, and even senior citizens who enjoy strolling through the gardens and arbor.

"There's something here for everyone," Gail Hart said with a smile. "Dozens of companies hold annual company picnics here. We have welcomed class field trips. And we even had one wedding here at the park!"

"Here's the funny thing," Ron chimed in. "We really don't know why we've been so successful! There is nothing else like Fun-Spot Fun Park in the area. We were just lucky."

"I think it's the ambience of the park," Gail added, "that has brought so many visitors. We provide a 'total package' of entertainment. Plus, we try to change our rides and various attractions from time to time."

Ron and Gail Hart admitted that making every visitor happy is a priority. "That has always been our philosophy," they said. "And we've always been able to deliver on that because we've never allowed ourselves to grow too big too quickly."

Describe two critical factors affecting the strategic plan at Fun-Spot.

Difficulty: 2

QuestionID: 02-154

Page-Reference: 46

Skill: Application

Objective: 2-1

Answer: Answers will vary; however, Ron and Gail's continued success will depend on their ability to set and reach objectives that follow their company's mission, making visitors as happy as possible through a variety of entertainment options.

155. **Scenario**

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Would you consider Fun-Spot's mission statement to be market oriented? Explain.

Difficulty: 2

QuestionID: 02-155

Page-Reference: 47

Skill: Application

Objective: 2-1

Answer: The mission at Fun-Spot is defined in terms of customer needs, so it is market oriented. Providing the fastest roller coaster, the greatest variety of ice cream flavors, or the scariest spook house is not as important, for example, as providing top-notch customer attention and attractions appealing to a variety of visitors at this small, rural park.

156. Scenario

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At this point, how do Ron and Gail monitor Fun-Spot's business portfolio?

Difficulty: 3

QuestionID: 02-156

Page-Reference: 49

Skill: Application

Objective: 2-2

Answer: Ron and Gail make a continuous assessment of Fun-Spot's strengths and weaknesses, compared to the opportunities in the environment. If a competitor should appear within a relatively close distance, for example, Ron and Gail will likely have to alter the business portfolio to offset the competition.

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Into which quadrant of the BCG matrix does Fun-Spot fall? Why?

Difficulty: 1

QuestionID: 02-157

Page-Reference: 50

Skill: Application

Objective: 2-2

Answer: Fun-Spot Fun Park is a star, currently situated in a high-growth, high-share position.

158. **Scenario**

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How might Ron and Gail implement a market penetration strategy at Fun-Spot?

Difficulty: 2
QuestionID: 02-158
Page-Reference: 52
Skill: Application
Objective: 2-2

Answer: Ron and Gail would maintain their current entertainment offering and continue to deliver customer attention to their existing customers, but might improve advertising or lower prices in an effort to encourage customers to stay longer, visit more often, and spend more money during each visit.

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In what way do Ron and Gail currently implement a product development strategy at Fun-Spot?

Difficulty: 2
QuestionID: 02-159
Page-Reference: 53
Skill: Application
Objective: 2-2

Answer: The owners at Fun-Spot strive to provide new offerings and entertainment options for their visitors.

160. **Scenario**

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What are three possible emerging conditions that may cause the Harts to develop a downsizing strategy at Fun-Spot?

Difficulty: 3

QuestionID: 02-160

Page-Reference: 53

Skill: Application

Objective: 2-2

Answer: Over time, less profitable operations might need to be eliminated; for example, children may love pony rides but maintaining the animals in a zoo setting may become costly. An economic recession or a new, close-by competitor may lead to downsizing.

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Who comprises Fun-Spot's target markets?

Difficulty: 1

QuestionID: 02-161

Page-Reference: 57–58

Skill: Application

Objective: 2-4

Answer: The target market here includes anyone who desires a relaxing, fun day or evening at a small amusement park. Families with children are likely the primary target market, though senior citizens and companies are important market segments.

162. Scenario

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If you had to select a primary market segment that is crucial to the success of Fun-Spot, who would it be? Why?

Difficulty: 2

QuestionID: 02-162

Page-Reference: 57

Skill: Application

Objective: 2-4

Answer: Answers will vary; however, on a weekly basis, Fun-Spot likely relies most on families with children for a steady stream of revenues.

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What role do service products play at Fun-Spot?

Difficulty: 1

QuestionID: 02-163

Page-Reference: 60

Skill: Application

Objective: 2-4

Answer: With the exception of meals and refreshments, the experiences that visitors receive at Fun-Spot are service products.