

A Framework for Marketing Management, 6e (Kotler)

Chapter 2 Developing and Implementing Marketing Strategies and Plans

- 1) The task of any business is to _____.
- A) create customer needs
 - B) differentiate in terms of cost of production
 - C) deliver customer value at a profit
 - D) reduce competition
 - E) communicate similar value as provided by competitors

Answer: C

Diff: 1

LO: 2.1: How does marketing affect customer value?

AACSB: Reflective thinking

- 2) The value delivery process can be divided into three phases, out of which "choosing the value" implies _____, which is the essence of strategic marketing.

- A) segmentation, developing, and delivering
- B) targeting, positioning, and communicating
- C) targeting, positioning, and delivering
- D) segmentation, targeting, and positioning
- E) researching, developing, and delivering

Answer: D

Diff: 2

LO: 2.1: How does marketing affect customer value?

AACSB: Reflective thinking

- 3) James Frank has been put in charge of gathering marketing intelligence, disseminating it within his organization, and eventually directing action on the information. Mr. Frank's task is best described as part of the _____ process.

- A) market-sensing
- B) new-offering realization
- C) customer acquisition
- D) customer relationship management
- E) fulfillment management

Answer: A

Diff: 3

LO: 2.1: How does marketing affect customer value?

AACSB: Analytical thinking; Application of knowledge

4) When a customer places an order at BookBox.com, the company processes the customer's payment information, sends the order to the nearest warehouse, and ships the order via FedEx. This is best described as the _____ process.

- A) market-sensing
- B) customer acquisition
- C) customer relationship management
- D) fulfillment management
- E) new-offering realization

Answer: D

Diff: 2

LO: 2.1: How does marketing affect customer value?

AACSB: Analytical thinking; Application of knowledge

5) What is the second phase of the value creation and delivery sequence?

- A) choosing the value
- B) providing the value
- C) communicating the value
- D) calculating the value
- E) calibrating the value

Answer: B

Diff: 2

LO: 2.1: How does marketing affect customer value?

AACSB: Reflective thinking

6) Angelo made the decision to outsource the software components of his consulting company so he could focus on the company's _____, which are sources of competitive advantage, make a contribution to perceived customer benefits, have application in a wide variety of markets, and are difficult to imitate.

- A) core competencies
- B) infrastructure
- C) market-sensing processes
- D) fulfillment management processes
- E) outbound logistics

Answer: A

Diff: 2

LO: 2.1: How does marketing affect customer value?

AACSB: Application of knowledge

7) The _____ in the value chain cover the sequence of bringing materials into the business (inbound logistics), converting them into final products (operations), shipping out final products (outbound logistics), marketing them (marketing and sales), and servicing them (service).

- A) operations processes
- B) manufacturing processes
- C) primary activities
- D) secondary activities
- E) tertiary activities

Answer: C

Diff: 1

LO: 2.1: How does marketing affect customer value?

AACSB: Reflective thinking

8) Which of the following can be considered a primary activity in the value chain process?

- A) procurement
- B) human resource management
- C) technology development
- D) inbound logistics
- E) firm infrastructure

Answer: D

Diff: 2

LO: 2.1: How does marketing affect customer value?

AACSB: Analytical thinking

9) Activities involved in building deeper understanding of existing consumers and what the product offerings mean to them would be a part of the _____ process.

- A) customer acquisition
- B) customer relationship management
- C) customer prospecting
- D) customer integrating management
- E) customer equity

Answer: B

Diff: 2

LO: 2.1: How does marketing affect customer value?

AACSB: Reflective thinking

10) Another way to describe a supply chain, where companies partner with specific suppliers and distributors to ensure a smooth functioning of the system, is to call it a _____.

- A) teamwork group
- B) horizontal integration
- C) domestic power center
- D) value exploration
- E) value delivery network

Answer: E

Diff: 1

LO: 2.1: How does marketing affect customer value?

AACSB: Interpersonal relations and teamwork

11) The key to utilizing organizational core competencies is to _____ that make up the essence of the business.

- A) force organizational departments to justify the budgetary components
- B) vertically integrate and own all intermediaries
- C) own and nurture the resources and competencies
- D) emphasize global promotions
- E) segment the workforces

Answer: C

Diff: 3

LO: 2.1: How does marketing affect customer value?

AACSB: Reflective thinking

12) The _____ lays out the target markets and the value proposition that will be offered, based on an analysis of the best market opportunities.

- A) organizational plan
- B) strategic marketing plan
- C) corporate tactical plan
- D) corporate mission
- E) customer-value statement

Answer: B

Diff: 1

LO: 2.1: How does marketing affect customer value?

AACSB: Reflective thinking

13) Juan Garcia plans the daily promotional releases about his company's products and services. He can be described as a(n) _____ planner.

- A) strategic
- B) selective
- C) tactical
- D) niche
- E) operational

Answer: C

Diff: 2

LO: 2.1: How does marketing affect customer value?

AACSB: Analytical thinking; Application of knowledge

14) The traditional view of marketing is that the firm makes something and then sells it.

Answer: TRUE

Diff: 1

LO: 2.1: How does marketing affect customer value?

AACSB: Reflective thinking

15) The traditional view of marketing works best in economies with many different types of people, each with individual wants, perceptions, preferences, and buying criteria.

Answer: FALSE

Diff: 2

LO: 2.1: How does marketing affect customer value?

16) The customer relationship management process involves all the activities related to receiving and approving orders, shipping the goods on time, and collecting payment.

Answer: FALSE

Diff: 1

LO: 2.1: How does marketing affect customer value?

AACSB: Analytical thinking

17) A principle of the value chain is that every firm is a synthesis of activities performed to design, produce, market, deliver, and support its product.

Answer: TRUE

Diff: 1

LO: 2.1: How does marketing affect customer value?

18) Briefly summarize the two views of the value delivery process that may be followed by organizations.

Answer: The traditional view of marketing is that the firm makes something and then sells it. Companies that subscribe to this view have the best chance of succeeding in economies marked by goods shortages where consumers are not fussy about the quality, features, or style. If abundant choices are present, this view does not work well. Another view emphasizes the organization's role in the value delivery process. Strategic and tactical marketing are used to choose the value, provide the value, and communicate the value to consumers and channel partners. The value delivery process begins before there is a product and continues through development and after launch.

Diff: 1

LO: 2.1: How does marketing affect customer value?

AACSB: Analytical thinking

19) The firm's success depends not only on how well each department performs its work, but also on how well the various departmental activities are coordinated to conduct core business processes. List and briefly describe the five core business processes.

Answer: The core business processes include:

1. the market-sensing process—all the activities involved in gathering market intelligence, disseminating it within the organization, and acting on the information
2. the new-offering realization process—all the activities involved in researching, developing, and launching new high-quality offerings quickly and within budget
3. the customer acquisition process—all the activities involved in defining target markets and prospecting for new customers
4. the customer relationship management process—all the activities involved in building deeper understanding, relationships, and offerings to individual customers
5. the fulfillment management process—all the activities involved in receiving and approving orders, shipping the goods on time, and collecting payment

Diff: 2

LO: 2.1: How does marketing affect customer value?

AACSB: Analytical thinking; Interpersonal relations and teamwork

20) Describe the characteristics a core competency should possess.

Answer: Core competency has three characteristics. They are:

1. it is a source of competitive advantage
2. it has applications in a wide variety of markets
3. it is difficult for competitors to imitate

Diff: 2

LO: 2.1: How does marketing affect customer value?

AACSB: Analytical thinking

21) Indicate the differences and similarities between the following terms: *marketing plan*, *strategic marketing plan*, and *tactical marketing plan*.

Answer: The marketing plan is the central instrument for directing and coordinating the marketing effort. It operates at two levels: strategic and tactical. The strategic marketing plan lays out the target markets and the value proposition that will be offered, based on an analysis of the best market opportunities. The tactical marketing plan specifies the marketing tactics, including product features, promotion, merchandising, pricing, sales channels, and service.

Diff: 1

LO: 2.1: How does marketing affect customer value?

AACSB: Analytical thinking

22) Hot Topic, a chain that sells rock-band-inspired clothes for teens, launched Torrid to give plus-size teens the same fashion options. Identify the three parts of the value delivery process and their function for Hot Topic.

Answer: The first phase, choosing the value, represents the "homework" marketing must do before any product exists. The second phase, providing the value, is where product features, prices, and distribution are selected. The third phase, communicating the value, utilizes the sales force, sales promotion, advertising, and other communication tools to announce and promote the product.

Diff: 3

LO: 2.1: How does marketing affect customer value?

AACSB: Analytical thinking

23) Over the past 10 years, Cisco Systems has drastically reduced its number of suppliers and aligned itself more closely with its remaining suppliers for each of its product-based teams. How might this have helped Cisco improve its new-offering realization process?

Answer: By reducing the number of suppliers it uses, Cisco is able to work more closely with its few remaining suppliers, involving them in new-product development and tapping their expertise in improving overall product quality and supplier relationship.

Diff: 3

LO: 2.1: How does marketing affect customer value?

AACSB: Analytical thinking

24) Identify the elements of a tactical marketing plan for a new kind of cola.

Answer: The tactical marketing plan specifies the marketing tactics, including product features, promotion, merchandising, pricing, sales channels, and service. For a new kind of cola, the tactical marketing plan might include the packaging size and shape, the flavor, the kinds of advertising used (print, television, buzz marketing), how to price the new cola relative to other colas currently on the market, and where to sell the new cola (grocery stores, gas stations, vending machines, sandwich shops).

Diff: 3

LO: 2.1: How does marketing affect customer value?

AACSB: Analytical thinking

25) In the cycle of complete strategic planning, taking corrective action is a part of _____.

A) planning

B) implementation

C) controlling

D) organizing

E) analyzing

Answer: C

Diff: 2

LO: 2.2: How is strategic planning carried out at different organizational levels?

AACSB: Analytical thinking

26) "Enriching Women's Lives" is a three-word mantra that is used by Mary Kay. This is an example of which of the following characteristics of good mission statements?

- A) It is focused on a limited number of goals.
- B) It is short, memorable, and meaningful.
- C) It defines the major competitive spheres in which the company will operate.
- D) It takes a long-term view.
- E) It stresses the company's major policies and values.

Answer: B

Diff: 2

LO: 2.2: How is strategic planning carried out at different organizational levels?

AACSB: Application of knowledge

27) The _____ sphere is the number of channel levels, from raw materials to final product and distribution, in which a company will participate.

- A) industry
- B) vertical
- C) product/application
- D) competence
- E) market segment

Answer: B

Diff: 1

LO: 2.2: How is strategic planning carried out at different organizational levels?

AACSB: Analytical thinking

28) What are hollow corporations?

- A) companies that market their products through franchisees
- B) companies that have liabilities exceeding their assets
- C) companies that outsource all production to suppliers
- D) companies that do not have any physical presence and only operate online
- E) companies that are horizontally integrated

Answer: C

Diff: 3

LO: 2.2: How is strategic planning carried out at different organizational levels?

29) Which of the following is an example of growth by diversification?

- A) a company introducing its existing products in a new market
- B) a company introducing new product category in a new market
- C) a company increases its product line in an existing market
- D) a company introducing a new product category in an existing market
- E) a company integrates backward to cut costs

Answer: B

Diff: 3

LO: 2.2: How is strategic planning carried out at different organizational levels?

AACSB: Application of knowledge

30) Once Starbucks established its presence in thousands of cities internationally, the company sought to increase the number of purchases by existing customers with a _____ strategy that led to new in-store merchandise, including compilation CDs, and high-speed wireless access.

- A) product-development
- B) market-penetration
- C) diversification
- D) market-development
- E) conglomerate

Answer: A

Diff: 3

LO: 2.2: How is strategic planning carried out at different organizational levels?

AACSB: Analytical thinking; Application of knowledge

31) A(n) _____ is when a company might seek new businesses to purchase that have no relationship to its current technology, products, or markets.

- A) concentric strategy
- B) conglomerate strategy
- C) horizontal strategy
- D) intensive growth strategy
- E) integrative strategy

Answer: B

Diff: 3

LO: 2.2: How is strategic planning carried out at different organizational levels?

32) Which of the following terms can be defined as "the shared experiences, stories, beliefs, and norms that characterize an organization"?

- A) organizational dynamics
- B) a business mission
- C) an ethical/value statement
- D) customer relationships
- E) corporate culture

Answer: E

Diff: 1

LO: 2.2: How is strategic planning carried out at different organizational levels?

AACSB: Analytical thinking

33) When a firm aims to underprice competitors and win market share, it is using a(n) _____ strategy that requires relatively less marketing skills as compared to other strategies.

- A) product differentiation
- B) overall cost leadership
- C) focus
- D) domestic customer relationship
- E) price skimming

Answer: B

Diff: 2

LO: 2.2: How is strategic planning carried out at different organizational levels?

AACSB: Reflective thinking

34) Unlike its competitors in the online air travel industry, Travelocity provides its customers with a greater variety of services such as cruise reservations, package tours, hotel bookings, and car rentals. This is an example of a(n) _____ strategy.

- A) overall cost leadership
- B) focus
- C) differentiation
- D) diversification
- E) promotional

Answer: C

Diff: 3

LO: 2.2: How is strategic planning carried out at different organizational levels?

AACSB: Analytical thinking; Application of knowledge

35) When a business gets to know market segments intimately and pursues either cost leadership or differentiation within the target segment, it is employing a _____ strategy.

- A) defined
- B) focus
- C) value-added
- D) competitive advantage
- E) customer-focused

Answer: B

Diff: 2

LO: 2.2: How is strategic planning carried out at different organizational levels?

AACSB: Analytical thinking

36) To keep their strategic alliances thriving, corporations have begun to develop organizational structures to support them and have come to view the ability to form and manage strategic alliances as core skills. This is called _____.

- A) value managed partnership
- B) decentralized partnership
- C) centralized partnership
- D) partner relationship management
- E) intensive growth management

Answer: D

Diff: 2

LO: 2.2: How is strategic planning carried out at different organizational levels?

AACSB: Analytical thinking

37) A strategy is a game plan for achieving what the business unit wants to achieve.

Answer: TRUE

Diff: 1

LO: 2.2: How is strategic planning carried out at different organizational levels?

AACSB: Reflective thinking

38) Good mission statements should be long and clear, should emphasize on a wide range of goals, and stress on the company's major policies and values.

Answer: FALSE

Diff: 2

LO: 2.2: How is strategic planning carried out at different organizational levels?

AACSB: Reflective thinking

39) If a company sought to grow by starting new businesses that have no relation to its current technology, products, or markets, the company would be using a market penetration strategy.

Answer: FALSE

Diff: 2

LO: 2.2: How is strategic planning carried out at different organizational levels?

AACSB: Analytical thinking; Application of knowledge

40) "What will we do if it happens?" is a question that managers typically ask while conducting a scenario analysis.

Answer: TRUE

Diff: 2

LO: 2.2: How is strategic planning carried out at different organizational levels?

41) An environmental threat is a challenge posed by an unfavorable trend or development that, in the absence of defensive marketing action, would lead to lower sales or profit.

Answer: TRUE

Diff: 1

LO: 2.2: How is strategic planning carried out at different organizational levels?

42) Once a SWOT analysis has been completed, the strategic planner is ready to proceed to the goal formulation stage of the strategic-planning process model.

Answer: TRUE

Diff: 2

LO: 2.2: How is strategic planning carried out at different organizational levels?

AACSB: Analytical thinking

43) For an MBO (management by objectives) system to work, one of the four criteria that the unit's objectives must meet is that objectives must be stated quantitatively whenever possible.

Answer: TRUE

Diff: 2

LO: 2.2: How is strategic planning carried out at different organizational levels?

AACSB: Reflective thinking

44) Good mission statements are essential to being a success in business. Describe the major characteristics that good mission statements should have.

Answer: Major characteristics of mission statements include the following:

- focus on a limited number of goals
- stress on the company's major policies and values
- definition of the major competitive spheres within which the company will operate (e.g., industry, products and applications, competence, market segment, vertical, and geographical)
- a long-term view
- should be as short, memorable, and meaningful as possible

Diff: 2

LO: 2.2: How is strategic planning carried out at different organizational levels?

AACSB: Reflective thinking

45) During the planning process, if there is a gap between future desired sales and projected sales, corporate management will need to develop or acquire new businesses to fill it. Identify and describe the three strategies that can be used to fill the strategic gap.

Answer: The first option is to identify opportunities to achieve further growth with current businesses (intensive growth opportunities). The second option is to identify opportunities to build or acquire businesses that are related to current businesses (integrative growth opportunities). The third is to identify opportunities to add attractive businesses that are unrelated to the existing businesses (diversification growth opportunities).

Diff: 2

LO: 2.2: How is strategic planning carried out at different organizational levels?

AACSB: Analytical thinking

46) Explain how companies achieve leadership by forming strategic alliances.

Answer: Companies seek national or global leadership by forming alliances with domestic or multinational companies that complement or leverage their capabilities and resources. Marketing alliances may involve products or services (for example, licensing), promotions, logistics, or pricing. Many firms with thriving alliances see the ability to form and manage them as core skills called partner relationship management.

Diff: 3

LO: 2.2: How is strategic planning carried out at different organizational levels?

AACSB: Analytical thinking

47) From its origins as an animated film producer, Walt Disney Company has moved into licensing characters for merchandised goods and developed theme parks and vacation and resort properties. What strategy best describes Disney's growth?

Answer: Disney has employed a diversification growth strategy, taking advantage of opportunities outside its original animated film business, leveraging the strength of its characters in new businesses.

Diff: 3

LO: 2.2: How is strategic planning carried out at different organizational levels?

AACSB: Analytical thinking

48) Explain what happens in a SWOT analysis during the strategic planning process.

Answer: SWOT (strengths, weaknesses, opportunities, and threats) monitors the external and internal environment by examining key macroeconomic and microeconomic forces and actors that have an impact on the organization's business and industry.

Diff: 2

LO: 2.2: How is strategic planning carried out at different organizational levels?

49) Good marketing is the art of finding, developing, and profiting from marketing opportunities. What are the three primary methods for uncovering possible product or service improvements?

Answer: Methods for uncovering possible product or service improvements include:

1. the problem detection method, which asks consumers for their suggestions
2. the ideal method, which asks consumers to imagine an ideal version of the product or service
3. the consumption chain method, which asks consumers to chart their steps in acquiring, using, and disposing of a product

Diff: 3

LO: 2.2: How is strategic planning carried out at different organizational levels?

AACSB: Analytical thinking

50) Michael Porter draws a firm distinction between operational effectiveness and a strategy. Briefly describe this distinction, and identify when a company can claim that it has a strategy.

Answer: Competitors can quickly copy the operationally effective company using benchmarking and other tools, thus diminishing the advantage of operational effectiveness. Porter defines strategy as "the creation of a unique and valuable position involving a different set of activities." A company can claim that it has a strategy when its activities differ from those of its rivals or performs similar activities in different ways.

Diff: 3

LO: 2.2: How is strategic planning carried out at different organizational levels?

AACSB: Reflective thinking

51) Which of the following elements of a marketing plan outlines the marketing activities such as pricing, channels, and communications?

- A) the situation analysis
- B) the marketing strategy
- C) the marketing tactics
- D) the financial projections
- E) the short-term targets

Answer: C

Diff: 1

LO: 2.3: What does a marketing plan include?

52) The most frequently cited shortcomings of current marketing plans, according to marketing executives, are lack of realism, insufficient competitive analysis, and a _____ focus.

- A) long-term
- B) profit
- C) short-run
- D) product
- E) price

Answer: C

Diff: 1

LO: 2.3: What does a marketing plan include?

53) The _____ is the last section of the marketing plan. It spells out the goals and budget for each month or quarter so management can review each period's results and take action as needed.

- A) executive summary
- B) situation analysis
- C) marketing strategy
- D) financial projections
- E) implementation controls

Answer: E

Diff: 1

LO: 2.3: What does a marketing plan include?

AACSB: Analytical thinking

54) In a marketing plan, the financial projections include a sales forecast, expense forecast, and _____.

- A) situation analysis
- B) list of tactics
- C) communications strategy
- D) break-even analysis
- E) implementation controls

Answer: D

Diff: 2

LO: 2.3: What does a marketing plan include?

AACSB: Analytical thinking

55) Pegasus writes about its target market and demographics in the _____ section of its marketing plan.

- A) Executive summary
- B) Implementation
- C) Situation analysis
- D) Strategy
- E) Tactics

Answer: C

Diff: 3

LO: 2.3: What does a marketing plan include?

AACSB: Application of knowledge

56) A written document that summarizes what the marketer has learned about the marketplace and indicates how the firm plans to reach its marketing objectives is called a vision statement.

Answer: FALSE

Diff: 2

LO: 2.3: What does a marketing plan include?

57) Definitions of a firm's mission as well as its marketing and financial objectives are included in the marketing strategy section of the marketing plan.

Answer: TRUE

Diff: 2

LO: 2.3: What does a marketing plan include?

AACSB: Analytical thinking

58) Most marketing plans conclude with a section that indicates how the plan will be implemented.

Answer: TRUE

Diff: 1

LO: 2.3: What does a marketing plan include?

59) The marketing strategy section of the marketing plan spells out goals and budgets for each month or quarter so the management can review each period's results and take corrective action as needed.

Answer: FALSE

Diff: 1

LO: 2.3: What does a marketing plan include?

60) Describe a marketing plan.

Answer: A marketing plan is a written document that summarizes what the marketer has learned about the marketplace and indicates how the firm plans to reach its marketing objectives. It contains tactical guidelines for the marketing programs and financial allocations over the planning period.

Diff: 2

LO: 2.3: What does a marketing plan include?

AACSB: Reflective thinking

61) Briefly list the contents of a marketing plan.

Answer: The contents of a marketing plan include:

- an executive summary and table of contents
- a situation analysis
- marketing strategy
- financial projections
- implementation controls

Diff: 2

LO: 2.3: What does a marketing plan include?

62) _____ is the process that turns marketing plans into action assignments and ensures that such assignments are executed in a manner that accomplishes the plan's stated objectives.

- A) Marketing implementation
- B) Marketing research
- C) Marketing analysis
- D) Brand management
- E) Product management

Answer: A

Diff: 1

LO: 2.4: How can companies monitor and improve marketing activities and performance?

AACSB: Reflective thinking

63) A marketing dashboard should display _____.

- A) implementation controls
- B) plans for each marketing audit
- C) the company's marketing-mix models
- D) the instrument panel of all vehicles sold by a dealership
- E) a customer-performance scorecard and a stakeholder-performance scorecard

Answer: E

Diff: 2

LO: 2.4: How can companies monitor and improve marketing activities and performance?

AACSB: Information technology

64) The purpose of profitability control is to _____.

- A) examine whether the planned results are being achieved
- B) examine where the company is making and losing money
- C) evaluate and improve the spending efficiency and impact of marketing expenditures
- D) examine whether the company is pursuing its best opportunities with respect to markets, products, and channels
- E) understand the efficiency of the sales force, advertising, sales promotion, and distribution

Answer: B

Diff: 2

LO: 2.4: How can companies monitor and improve marketing activities and performance?

AACSB: Reflective thinking

65) Marketing effectiveness rating instruments and marketing audits are approaches to _____ control.

- A) annual-plan
- B) profitability
- C) efficiency
- D) strategic
- E) statistical

Answer: D

Diff: 2

LO: 2.4: How can companies monitor and improve marketing activities and performance?

AACSB: Reflective thinking

66) Which of the following is TRUE regarding annual-plan control?

- A) This control process begins by identifying the causes of serious performance deviations.
- B) The tools used for this purpose are sales analysis, market share analysis, marketing expense-to-sales analysis, and financial analysis.
- C) The marketing controller has the primary responsibility for annual-plan control.
- D) Its purpose is to evaluate and improve the spending efficiency and impact of marketing expenditures.
- E) It measures profitability by product, territory, customer, segment, trade channel, and order size.

Answer: B

Diff: 3

LO: 2.4: How can companies monitor and improve marketing activities and performance?

AACSB: Reflective thinking

67) Your firm has experienced a decline in sales over the last three quarters. You have traced the problems to distribution inefficiencies. Which of the following should you track to ensure that the firm's distribution efficiency is maximized?

- A) average sales per point of sale
- B) sales from new products
- C) trial rate
- D) repurchase rate
- E) new customer gains

Answer: A

Diff: 3

LO: 2.4: How can companies monitor and improve marketing activities and performance?

AACSB: Analytical thinking; Application of knowledge

68) A _____ is a comprehensive, systematic, independent, and periodic examination of a company's or business unit's marketing environment, objectives, strategies, and activities, with a view to determining problem areas and opportunities and recommending a plan of action to improve the company's marketing performance.

- A) marketing plan
- B) test market
- C) marketing audit
- D) market-based scorecard analysis
- E) marketing metric

Answer: C

Diff: 1

LO: 2.4: How can companies monitor and improve marketing activities and performance?

AACSB: Reflective thinking

69) Which of the following is TRUE regarding a marketing audit?

- A) It focuses primarily on a firm's macromarketing environment.
- B) It identifies the most-needed improvements and incorporates them into a corrective-action plan with short- and long-run steps.
- C) It is less effective at locating the real source of a problem than a functional audit.
- D) It analyzes only those marketing activities that have failed to produce adequate results.
- E) It relies solely on company managers for data and opinions.

Answer: B

Diff: 3

LO: 2.4: How can companies monitor and improve marketing activities and performance?

AACSB: Reflective thinking

70) Which of the four characteristics of a marketing audit is described by the fact that outside consultants can bring necessary objectivity to the process?

- A) comprehensive
- B) systematic
- C) independent
- D) periodic
- E) opinion-based

Answer: C

Diff: 2

LO: 2.4: How can companies monitor and improve marketing activities and performance?

AACSB: Reflective thinking

71) Annual-plan control requires making sure the company isn't overspending to achieve sales goals. To do this, management sets monthly or quarterly goals, monitors marketing performance in the marketplace, _____, and takes corrective action.

- A) conducts a SWOT analysis
- B) develops tactical plans
- C) conducts a marketing audit
- D) hires a marketing controller
- E) determines the cause of serious performance deviations

Answer: E

Diff: 2

LO: 2.4: How can companies monitor and improve marketing activities and performance?

72) Profitability control is the prime responsibility of line and staff management.

Answer: FALSE

Diff: 2

LO: 2.4: How can companies monitor and improve marketing activities and performance?

AACSB: Reflective thinking

73) The annual plan control process begins with measuring performance.

Answer: FALSE

Diff: 2

LO: 2.4: How can companies monitor and improve marketing activities and performance?

AACSB: Reflective thinking

74) A marketing audit covers the marketing organization and its systems and strategies, rather than the macroenvironment.

Answer: FALSE

Diff: 2

LO: 2.4: How can companies monitor and improve marketing activities and performance?

AACSB: Analytical thinking

75) Self-audits tend to provide more objective information than audits conducted by external consultants.

Answer: FALSE

Diff: 3

LO: 2.4: How can companies monitor and improve marketing activities and performance?

AACSB: Reflective thinking

76) A marketing audit only benefits a company that is in trouble; companies in good health do not need to conduct them.

Answer: FALSE

Diff: 2

LO: 2.4: How can companies monitor and improve marketing activities and performance?

AACSB: Reflective thinking

77) Briefly explain the concept of annual-plan control.

Answer: Annual-plan control ensures the company achieves the sales, profits, and other goals established in its annual plan. First, management sets monthly or quarterly goals. Second, it monitors performance in the marketplace. Third, management determines the causes of serious performance deviations. Fourth, it takes corrective action to close gaps between goals and performance.

Diff: 2

LO: 2.4: How can companies monitor and improve marketing activities and performance?

AACSB: Reflective thinking

78) What is a marketing audit, and what is its purpose?

Answer: A marketing audit is a comprehensive, systematic, independent, and periodic examination of a company's or business unit's marketing environment, objectives, strategies, and activities. It aims to determine problem areas and opportunities and recommending a plan of action to improve the company's marketing performance.

Diff: 2

LO: 2.4: How can companies monitor and improve marketing activities and performance?

AACSB: Reflective thinking

79) What is marketing control? List the four types of marketing control.

Answer: Marketing control is the process by which firms assess the effects of their marketing activities and programs and make necessary changes and adjustments. The four types of needed marketing control are: annual-plan control, profitability control, efficiency control, and strategic control.

Diff: 2

LO: 2.4: How can companies monitor and improve marketing activities and performance?

AACSB: Reflective thinking

80) What is the purpose of profitability control, and how do marketers use it?

Answer: The purpose of profitability control is to examine where the company is making and losing money. Companies should measure the profitability of their products, territories, customer groups, segments, trade channels, and order sizes to help determine whether to expand, reduce, or eliminate any products or marketing activities.

Diff: 3

LO: 2.4: How can companies monitor and improve marketing activities and performance?

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