

Exam

Name _____

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 1) A company's mission statement serves as a statement of _____. 1) _____
- A) fact
 - B) purpose
 - C) financial goals
 - D) sustainability
 - E) employee commitment

Answer: B

- Explanation: A)
B)
C)
D)
E)

- 2) Saturn is "a different kind of company, different kind of a car"; the Hummer is "like nothing else." 2) _____
- Statements such as these reflect a firm's _____.
- A) niche
 - B) product portfolio
 - C) marketing mix
 - D) target markets
 - E) positioning

Answer: E

- Explanation: A)
B)
C)
D)
E)

- 3) Effective positioning begins with _____ the company's marketing offer in order to give 3) _____
- consumers more perceived value.
- A) aligning
 - B) pricing
 - C) differentiating
 - D) placing
 - E) promoting

Answer: C

- Explanation: A)
B)
C)
D)
E)

4) _____ should be market oriented and defined in terms of _____.

4) _____

- A) Long-range plans; company needs
- B) Annual plans; product needs
- C) Mission statements; customers' needs
- D) Objectives; competitors' threats
- E) Strategic plans; company needs

Answer: C

- Explanation:
- A)
 - B)
 - C)
 - D)
 - E)

5) Fence Patrol has developed an entirely new mounting system for chain link fences. Although it is a local company, through the acquisition of a distributor it now has the ability to market its products nationwide. Fence Patrol is most likely following a _____ strategy.

5) _____

- A) market development
- B) market penetration
- C) product development
- D) divesting
- E) downsizing

Answer: A

- Explanation:
- A)
 - B)
 - C)
 - D)
 - E)

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

6) _____

- A) follow
- B) precede
- C) take priority over
- D) evaluate
- E) replace

Answer: B

- Explanation:
- A)
 - B)
 - C)
 - D)
 - E)

- 7) Which of the following involves looking at whether a company's basic strategies are well matched to its opportunities? 7) _____
- A) portfolio analysis
 - B) operating control
 - C) ROMI
 - D) strategic control
 - E) marketing control

Answer: D

Explanation: A)
B)
C)
D)
E)

- 8) Unlike strategic-planning efforts of the past, which were conducted primarily by senior managers, today's strategic planning is _____. 8) _____
- A) limitation-free
 - B) short-term oriented
 - C) centralized
 - D) decentralized
 - E) product oriented

Answer: D

Explanation: A)
B)
C)
D)
E)

- 9) All of the following are examples of product-oriented mission statements EXCEPT which one? 9) _____
- A) "We sell shoes."
 - B) "We rent hotel rooms."
 - C) "We are an online video service."
 - D) "We sell lifestyle and self-expression; success and status; memories, hopes, and dreams."
 - E) "We run theme parks."

Answer: D

Explanation: A)
B)
C)
D)
E)

- 10) Which of the following is NOT a reason that a firm might want to abandon products or markets? 10) _____
- A) The firm has entered areas in which it does not have expertise.
 - B) The firm has not properly researched foreign markets which it has entered.
 - C) The market has changed, making some of the products less profitable.
 - D) The economic environment is showing signs of recovery.
 - E) The firm has grown too rapidly.

Answer: D

- Explanation: A)
B)
C)
D)
E)

- 11) An increasingly large number of firms are changing their organizational focus from _____ to _____ 11) _____
- A) global management; regional management
 - B) brand management; customer management
 - C) product management; geographic management
 - D) product management; functional management
 - E) geographic management; functional management

Answer: B

- Explanation: A)
B)
C)
D)
E)

- 12) Most portfolio analysis methods evaluate SBUs on two dimensions, namely _____ and _____ 12) _____
- A) market penetration; market development
 - B) market share; strength of the SBU's position
 - C) market or industry attractiveness; strength of the SBU's position
 - D) market growth rates; profits
 - E) market diversification; relative market share

Answer: C

- Explanation: A)
B)
C)
D)
E)

- 13) Modern marketing departments are arranged in the following ways EXCEPT which one? 13) _____
- A) functional organization
 - B) geographic organization
 - C) strategic management organization
 - D) market management organization
 - E) product management organization

Answer: C

- Explanation:
- A)
 - B)
 - C)
 - D)
 - E)

- 14) Monsanto operates in many businesses, including pharmaceuticals and food products. The company defines its _____ as creating "abundant food and a healthy environment." 14) _____
- A) value-delivery network
 - B) business portfolio
 - C) marketing development
 - D) strategy
 - E) mission

Answer: E

- Explanation:
- A)
 - B)
 - C)
 - D)
 - E)

- 15) In a basic SWOT analysis the "T" stands for _____. 15) _____
- A) tangible B) trade C) timing D) trust E) threats

Answer: E

- Explanation:
- A)
 - B)
 - C)
 - D)
 - E)

- 16) Of the following, it is most important for marketers to develop _____ for their products. 16) _____
- A) unique market positions
 - B) market management organizations
 - C) marketing dashboards
 - D) marketing ROI data
 - E) customer management organizations

Answer: A

- Explanation:
- A)
 - B)
 - C)
 - D)
 - E)

17) Making more sales to current customers without changing a firm's products is _____. 17) _____
A) market development
B) market penetration
C) diversification
D) market attractiveness
E) product development

Answer: B

Explanation: A)
B)
C)
D)
E)

18) Which of the following measures the profits generated by investments in marketing activities? 18) _____
A) marketing ROI
B) a marketing audit
C) a budget
D) SWOT analysis
E) an executive summary

Answer: A

Explanation: A)
B)
C)
D)
E)

19) All of the following are accurate guidelines for a company's mission statement EXCEPT which one? 19) _____
A) A mission statement should motivate employees.
B) A mission statement should emphasize the company's strengths in the marketplace.
C) A mission statement should be narrow.
D) A mission statement should be realistic.
E) A mission statement should be specific.

Answer: C

Explanation: A)
B)
C)
D)
E)

20) Starbucks has introduced a debit card that lets customers prepay for coffee and snacks. This effort 20) _____
by Starbucks management is an example of _____.
A) market development
B) product adaptation
C) product development
D) diversification
E) market penetration

Answer: E

Explanation: A)
B)
C)
D)
E)

21) Which of the following can be a company division, a product line within a division, or sometimes a single product or brand? 21) _____

- A) a market
- B) a value delivery network
- C) the BCG
- D) an SBU
- E) a PLC

Answer: D

Explanation: A)
B)
C)
D)
E)

22) _____ 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. 22) _____

- A) Dogs
- B) Stars
- C) Cash cows
- D) Cats
- E) Question marks

Answer: C

Explanation: A)
B)
C)
D)
E)

23) Which of the following is NOT a step in the strategic planning process? 23) _____

- A) evaluating all members of the value chain
- B) setting company objectives and goals
- C) designing the business portfolio
- D) planning marketing and other functional strategies
- E) defining the company mission

Answer: A

Explanation: A)
B)
C)
D)
E)

24) The collection of businesses and products that make up a company is called its _____. 24) _____
A) mission statement
B) strategic business unit
C) business portfolio
D) strategic plan
E) operational factor

Answer: C

Explanation: A)
B)
C)
D)
E)

25) 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 _____. 25) _____
A) growth opportunities
B) key customers
C) new products
D) suppliers
E) target markets

Answer: A

Explanation: A)
B)
C)
D)
E)

26) The four possible strategies that can be pursued for each SBU are building, holding, _____, and _____. 26) _____
A) promoting; selling
B) diversifying; penetrating
C) downsizing; expanding
D) developing; growing
E) harvesting; divesting

Answer: E

Explanation: A)
B)
C)
D)
E)

27) Berman Electric, a chain of 18 appliance stores, has a marketing organization in which specialists head different marketing activities. What is this type of organization called? 27) _____

- A) organic
- B) market
- C) geographic
- D) functional
- E) product

Answer: D

Explanation: A)
B)
C)
D)
E)

28) 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 _____. 28) _____

- A) market penetration
- B) diversification
- C) market development
- D) product adaptation
- E) marketing controls

Answer: B

Explanation: A)
B)
C)
D)
E)

29) The process of customer-driven marketing involves which of the following? 29) _____

- A) analysis; targeting; implementation; control
- B) problem identification; information search; decision; implementation
- C) product; price; promotion; adaptation
- D) market segmentation; market targeting; differentiation; positioning
- E) marketing analysis; planning; implementation; feedback

Answer: D

Explanation: A)
B)
C)
D)
E)

30) 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? 30) _____

- A) a business portfolio
- B) a mission statement
- C) objectives and goals
- D) operational strategies
- E) marketing and functional strategies

Answer: B

Explanation: A)
B)
C)
D)
E)

31) Which of the following involves evaluating each market segment's attractiveness and selecting one or more segments to enter? 31) _____

- A) market segmentation
- B) differentiation
- C) market targeting
- D) positioning
- E) servicing

Answer: C

Explanation: A)
B)
C)
D)
E)

32) Emerson Studios, a chain of 25 portrait stores in five states, has organized its marketing organization into groups headed by a sales manager, an advertising manager, and a customer-service manager. What type of organization is this? 32) _____

- A) functional
- B) customer
- C) geographic
- D) product
- E) market

Answer: A

Explanation: A)
B)
C)
D)
E)

Refer to the scenario below to answer the following questions.

Fun-Spot Fun Park began as a small amusement park in 1985. With nothing more than a merry-go-round, a slide, pony rides, and an ice cream stand, Fun-Spot grew into a popular family attraction with 20 rides, a restaurant, and an outdoor performing arts theater.

"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 that has brought so many visitors," Gail added. "We provide a 'total package' of entertainment. Plus, we try to change our rides and various attractions from time to time for variety"

Ron and Gail Hart admitted that making every visitor happy is a priority. "That has always been our philosophy," they said. "Like it says on the entrance to the park, 'We're here to make you happy!' And we've always been able to deliver on that because we've never allowed ourselves to grow too big too quickly."

- 33) Ron and Gail plan to lower prices in an effort to encourage customers to stay longer, visit more often, and spend more money during each visit. What type of strategy are Ron and Gail planning? 33) _____
- A) market penetration
 - B) customer development
 - C) diversification
 - D) product development
 - E) market development

Answer: A

Explanation: A)
B)
C)
D)
E)

- 34) Walmart, the world's largest retailer, has successfully launched its stores in Mexico, Canada, the U.K., Germany, and other nations. This is an example of how Walmart is pursuing _____ as a growth strategy. 34) _____
- A) geographic market development
 - B) diversification
 - C) product development
 - D) market penetration
 - E) demographic market development

Answer: A

Explanation: A)
B)
C)
D)
E)

35) After management has identified the key businesses making up its company, what is the next step in portfolio analysis? 35) _____
A) assessing the attractiveness of its SBUs
B) identifying SBUs
C) deciding whether to harvest any businesses
D) completing short-range planning
E) identifying businesses in which to invest

Answer: A

Explanation: A)
B)
C)
D)
E)

36) Serengeti makes lightweight sunglasses with 100 percent UV protection for people who love to hunt, hike, and bike ride. Its long-term plans include the development of lenses that, in addition to protecting users from UV rays, will also have effective water-sheeting action to reduce lens spotting. This new feature will be valuable to people who fish. In terms of a SWOT analysis, the company believes it can use the _____ of its reputation as a sunglass manufacturer for a specialized market in combination with its current manufacturing facilities and labor force to enter this new market. 36) _____
A) opportunities
B) strengths
C) threats
D) trends
E) weights

Answer: B

Explanation: A)
B)
C)
D)
E)

37) In the four Ps of the marketing mix, design, packaging, services, and variety all fall under the category of _____. 37) _____
A) place B) promotion C) price D) position E) product

Answer: E

Explanation: A)
B)
C)
D)
E)

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38) Fun-Spot's mission is _____.

38) _____

- A) market-oriented
- B) too focused on profits
- C) too specific
- D) product-oriented
- E) technology-oriented

Answer: A

Explanation: A)
B)
C)
D)
E)

39) Favorite Memories specializes in serving gift shoppers that major competitors overlook and ignore.

39) _____

Which of the following best describes Favorite Memories?

- A) market seeker
- B) market nicher
- C) full market coverer
- D) market follower
- E) market challenger

Answer: B

Explanation: A)
B)
C)
D)
E)

40) Starbucks Coffee has recently begun selling and playing compilation CDs and is supporting its own XM satellite radio station. This represents which strategy for growth? 40) _____

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

Answer: C

Explanation: A)
B)
C)
D)
E)

41) 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 _____. 41) _____

- A) stars; cash cows
- B) stars; question marks
- C) question marks; dogs
- D) dogs; cash cows
- E) cash cows; stars

Answer: A

Explanation: A)
B)
C)
D)
E)

42) Today the four Ps are compared to the four Cs. Product and place are called _____ and _____, respectively. 42) _____

- A) customer solution; convenience
- B) communication; convenience
- C) convenience; customer solution
- D) communication; customer solution
- E) customer cost; convenience

Answer: A

Explanation: A)
B)
C)
D)
E)

- 43) In the Boston Consulting Group approach, _____ serves as a measure of company strength in the market. 43) _____
- A) market diversification
 - B) market growth rate
 - C) relative market share
 - D) market development
 - E) market segmentation

Answer: C

Explanation: A)
B)
C)
D)
E)

- 44) Serengeti makes lightweight sunglasses with 100 percent UV protection for people who love to hunt, hike, and bike ride. Its long-term plans include the development of lenses that, in addition to protecting users from UV rays, will also have effective water-sheeting action to reduce lens spotting. This new feature will be valuable to people who fish. Serengeti has determined that fishing is one of the fastest growing sports in the United States. In terms of a SWOT analysis, Serengeti has recognized a market _____. 44) _____
- A) threat
 - B) weakness
 - C) opportunity
 - D) strength
 - E) trend

Answer: C

Explanation: A)
B)
C)
D)
E)

- 45) Which of the following is the principle objective of a market-oriented mission statement? 45) _____
- A) to satisfy basic customer needs
 - B) to satisfy basic stockholder needs
 - C) to satisfy basic partnership needs
 - D) to satisfy basic owner needs
 - E) to satisfy basic supplier needs

Answer: A

Explanation: A)
B)
C)
D)
E)

46) While a valuable planning tool, the BCG matrix is problematic in that it focuses on _____. 46) _____
A) the present instead of the future
B) the future instead of the present
C) the past instead of the present
D) financial issues instead of the customer
E) the customer instead of suppliers

Answer: A

Explanation: A)
B)
C)
D)
E)

47) IBM has its sales and marketing people assigned to markets in specific countries, regions, and districts. This is an example of which type of marketing organization? 47) _____
A) psychographic
B) divisional
C) geographic
D) product
E) functional

Answer: C

Explanation: A)
B)
C)
D)
E)

48) In the BCG matrix, income from _____ can be used to help finance the company's question marks and stars. 48) _____
A) pruned SBUs
B) exclamation marks
C) dogs
D) holding SBUs
E) cash cows

Answer: E

Explanation: A)
B)
C)
D)
E)

49) The _____ organizational system's main advantage is that the company is organized around the needs of specific market segments. 49) _____

- A) geographic
- B) functional
- C) market management
- D) vertical
- E) product management

Answer: C

Explanation: A)
B)
C)
D)
E)

50) Lucy Ortiz is preparing a PowerPoint presentation of the marketing process to show at a sales meeting. _____ should appear in the center of her diagram depicting marketing strategies and the marketing mix. 50) _____

- A) Competitors
- B) Company objectives
- C) Customer retention rates
- D) Sales goals
- E) Customer value and relationships

Answer: E

Explanation: A)
B)
C)
D)
E)

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

51) _____

- A) profit center
- B) diversification
- C) star
- D) dog
- E) question mark

Answer: C

Explanation: A)
B)
C)
D)
E)

52) Which of the following is NOT a market-oriented business definition?

52) _____

- A) "to sell tools and home repair and improvement items"
- B) "to nourish lives by making them healthier, easier, and richer"
- C) "to bring inspiration and innovation to every athlete in the world"
- D) "to deliver low prices every day"
- E) "to be the guardian of our customers' financial dreams"

Answer: A

Explanation: A)
B)
C)
D)
E)

53) When dealing with a(n) _____, 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. 53) _____
A) cat
B) cash cow
C) question mark
D) dog
E) exclamation mark

Answer: C

Explanation: A)
B)
C)
D)
E)

54) A sound marketing strategy begins with which of the following? 54) _____
A) BCG analysis
B) promotion
C) positioning
D) differentiation
E) customer analysis

Answer: E

Explanation: A)
B)
C)
D)
E)

55) The marketing control process entails the following steps in order: setting goals, _____, evaluating performance, and _____. 55) _____
A) measuring performance; taking corrective action
B) taking corrective action; following up
C) taking corrective action; measuring performance
D) evaluating goals; measuring performance
E) achieving goals; measuring performance

Answer: A

Explanation: A)
B)
C)
D)
E)

- 56) Each department in a company that carries out value-creating activities can be thought of as a link in the company's _____. 56) _____
- A) supplier chain
 - B) market development
 - C) product development
 - D) value chain
 - E) business portfolio

Answer: D

Explanation: A)
B)
C)
D)
E)

- 57) 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? 57) _____
- A) an executive summary
 - B) a marketing plan
 - C) a marketing mix
 - D) a business portfolio analysis
 - E) a SWOT analysis

Answer: E

Explanation: A)
B)
C)
D)
E)

- 58) Which of the following involves adapting a firm to take advantage of opportunities in its constantly changing environment? 58) _____
- A) media planning
 - B) short-range planning
 - C) long-range planning
 - D) annual planning
 - E) strategic planning

Answer: E

Explanation: A)
B)
C)
D)
E)

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- 59) Gail and Ron strive to provide new offerings and entertainment options for their visitors. What type of strategy is this? 59) _____
- A) market development
 - B) diversification
 - C) product development
 - D) customer development
 - E) market penetration

Answer: C

Explanation: A)
B)
C)
D)
E)

- 60) 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. 60) _____
- A) diversification strategy
 - B) growth-share matrix
 - C) market concept philosophy
 - D) value delivery network
 - E) customer relationship management policy

Answer: D

Explanation: A)
B)
C)
D)
E)

61) Which of the following would NOT be useful in determining marketing ROI? 61) _____
A) market share
B) customer equity
C) brand awareness
D) SWOT analysis
E) a marketing dashboard

Answer: D

Explanation: A)
B)
C)
D)
E)

62) Multinationals like Honda Motor Co. and Walmart 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 _____. 62) _____
A) product mix
B) value chain
C) low-cost operator
D) business portfolio
E) value delivery network

Answer: E

Explanation: A)
B)
C)
D)
E)

63) 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 _____. 63) _____
A) return on investment (ROI)
B) star
C) strategic business unit (SBU)
D) cash cow
E) business portfolio

Answer: C

Explanation: A)
B)
C)
D)
E)

64) When a firm develops and maintains a strategic fit between its goals and capabilities, it is performing _____. 64) _____

- A) business-portfolio planning
- B) mission planning
- C) values planning
- D) strategic planning
- E) operations planning

Answer: D

Explanation: A)
B)
C)
D)
E)

65) Which of the following is the place a product occupies in the consumer's mind relative to competition? 65) _____

- A) placement
- B) market segmentation
- C) position
- D) market targeting
- E) product promotion

Answer: C

Explanation: A)
B)
C)
D)
E)

66) The current mission statement of the Girl Scouts of America is to build "girls of courage, confidence, and character, who make the world a better place." The organization's former mission statement had read "to prepare young girls for motherhood and wifely duties." This change reflects the guideline that mission statements should be _____. 66) _____

- A) specific
- B) market-oriented
- C) narrow
- D) broad
- E) realistic

Answer: B

Explanation: A)
B)
C)
D)
E)

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

- A) sales; market share; price; promotion
- B) planning; implementing; leading; controlling
- C) stars; cash cows; question marks; dogs
- D) product; price; promotion; placement
- E) market penetration; market development; product development; diversification

Answer: C

- Explanation:
- A)
 - B)
 - C)
 - D)
 - E)

68) Which of the following does NOT accurately reflect a problem with the BCG matrix approach? 68) _____

- A) It focuses on classifying current businesses.
- B) It is difficult to define SBUs and measure market share and growth.
- C) It can be time consuming to implement.
- D) It focuses on planning for the future.
- E) It can be costly to conduct.

Answer: D

- Explanation:
- A)
 - B)
 - C)
 - D)
 - E)

69) Which of the following is the most common approach to marketing organization? 69) _____

- A) functional
- B) combination
- C) product management
- D) geographic
- E) divisional

Answer: A

- Explanation:
- A)
 - B)
 - C)
 - D)
 - E)

70) Evaluating the results of marketing strategies and plans and taking corrective action to ensure that objectives are attained is called _____. 70) _____

- A) strategic control
- B) developmental control
- C) operating control
- D) efficiency
- E) marketing control

Answer: E

Explanation: A)
B)
C)
D)
E)

71) Which of the following is the first step in strategic planning? 71) _____

- A) set objectives and goals
- B) define the company mission
- C) develop the business portfolio
- D) identify threats and weaknesses
- E) plan marketing strategies

Answer: B

Explanation: A)
B)
C)
D)
E)

72) When the makers of a ballpoint pen state they are in the communication equipment business, they are defining their mission too _____. 72) _____

- A) specifically
- B) narrowly
- C) realistically
- D) broadly
- E) futuristically

Answer: D

Explanation: A)
B)
C)
D)
E)

73) In a basic SWOT analysis, the "S" stands for _____.

73) _____

- A) satisfactions
- B) solutions
- C) strengths
- D) strategies
- E) situation

Answer: C

- Explanation:
- A)
 - B)
 - C)
 - D)
 - E)

74) In SWOT analysis, which of the following would be considered a strength?

74) _____

- A) favorable factors in the environment
- B) internal limitations
- C) internal resources
- D) trends in the market
- E) factors that challenge the company's performance

Answer: C

- Explanation:
- A)
 - B)
 - C)
 - D)
 - E)

75) Which of the following is the marketing logic by which a company hopes to achieve profitable customer relationships?

75) _____

- A) differentiation
- B) a consistent product mix
- C) the value delivery network
- D) price
- E) marketing strategy

Answer: E

- Explanation:
- A)
 - B)
 - C)
 - D)
 - E)

76) Paul Pierce is busy working with other managers evaluating the products and businesses making up their company. Paul is engaged in _____. 76) _____

- A) preparing a business portfolio
- B) marketing planning
- C) defining the company's mission statement
- D) marketing control
- E) portfolio analysis

Answer: E

Explanation: A)
B)
C)
D)
E)

77) Paul Pendergraff 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) _____. 77) _____

- A) target market
- B) market position
- C) market segment
- D) market
- E) undefined niche

Answer: C

Explanation: A)
B)
C)
D)
E)

78) Business portfolio planning involves two steps: _____ and _____. 78) _____

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

Answer: E

Explanation: A)
B)
C)
D)
E)

79) 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 next be turned into detailed _____ that guide each level of the company. 79) _____

- A) sets of tactics
- B) sets of strategies
- C) sets of promotional tools
- D) supporting objectives
- E) product mixes

Answer: D

Explanation: A)
B)
C)
D)
E)

80) A common practice among marketers is to identify and develop new markets for their existing products. This practice is called _____. 80) _____

- A) market skimming
- B) dual adaptation
- C) market development
- D) market penetration
- E) product development

Answer: C

Explanation: A)
B)
C)
D)
E)

81) In SWOT analysis, which of the following refers to factors in the external environment? 81) _____

- A) strengths
- B) opportunities
- C) weaknesses
- D) strategies
- E) trends

Answer: B

Explanation: A)
B)
C)
D)
E)

82) Which of the following is NOT a step in the marketing control process? 82) _____
A) taking corrective action
B) setting goals
C) defining the mission
D) evaluating the causes of gaps between expected and actual performance
E) measuring performance

Answer: C

Explanation: A)
B)
C)
D)
E)

83) For Hyundai Corporation, customers who care about the price of a car and its operating economy make up one _____. 83) _____
A) market position
B) value chain
C) value network
D) customer extension
E) market segment

Answer: E

Explanation: A)
B)
C)
D)
E)

84) The best-known product portfolio planning method was developed by _____. 84) _____
A) James P. Hess
B) the SWOT Consulting Group
C) the Boston Consulting Group
D) the SRI Consulting Firm
E) Philip Kotler

Answer: C

Explanation: A)
B)
C)
D)
E)

85) Which of the following entails reducing the business portfolio by eliminating products that no longer fit the company's overall strategy? 85) _____

- A) the BCG approach
- B) product line extension
- C) market redesign
- D) market segmentation
- E) downsizing

Answer: E

Explanation: A)
B)
C)
D)
E)

86) According to the textbook, your boss is most likely referring to _____ when she mentions "doing things right." 86) _____

- A) planning
- B) implementation
- C) efficiency
- D) strategy
- E) objectives

Answer: B

Explanation: A)
B)
C)
D)
E)

87) According to your text, which department in a company carries the primary responsibility for achieving profitable growth? 87) _____

- A) product development
- B) operations
- C) accounting
- D) human resources
- E) marketing

Answer: E

Explanation: A)
B)
C)
D)
E)

88) The main section of the marketing plan presents a detailed _____ analysis of the current marketing situation. 88) _____
A) who, when, where
B) competitor
C) when, where, how
D) economic
E) SWOT

Answer: E

Explanation: A)
B)
C)
D)
E)

89) Your firm is attempting to divide up the total market to determine the best segments it can serve. 89) _____
Which is the correct order of doing so?
A) market targeting then differentiation
B) market segmentation then positioning
C) positioning then differentiation
D) differentiation then market targeting
E) market segmentation then market targeting

Answer: E

Explanation: A)
B)
C)
D)
E)

90) Which of the following most accurately identifies a difference between a weakness and a threat in SWOT analysis? 90) _____
A) A company is more able to change a weakness than a threat.
B) A company can be more negatively affected by a threat than by a weakness.
C) A company can be more negatively affected by a weakness than by a threat.
D) A company can more easily identify threats than weaknesses.
E) A company is more able to change a threat than a weakness.

Answer: A

Explanation: A)
B)
C)
D)
E)

91) Which of the following is a useful tool for identifying growth opportunities? 91) _____
A) the product/market expansion grid
B) the BCG matrix
C) the value delivery network
D) the business portfolio
E) the value chain

Answer: A

Explanation: A)
B)
C)
D)
E)

92) Which of the four Ps describes the goods-and-services combination the company offers to the target market? 92) _____
A) package B) price C) place D) promotion E) product

Answer: E

Explanation: A)
B)
C)
D)
E)

93) Ensuring that the company achieves the sales, profits, and other goals set out in its annual marketing plan is the purpose of _____. 93) _____

- A) ROMI
- B) a marketing audit
- C) strategic control
- D) operating control
- E) marketing control

Answer: D

Explanation: A)
B)
C)
D)
E)

94) In the Boston Consulting Group approach, _____ provides a measure of market attractiveness. 94) _____

- A) market growth rate
- B) market penetration
- C) relative market share
- D) market development
- E) market segmentation

Answer: A

Explanation: A)
B)
C)
D)
E)

95) A marketing plan begins with a(n) _____, which quickly overviews goals and recommendations.

95) _____

- A) action program
- B) ROI
- C) SWOT analysis
- D) executive summary
- E) marketing dashboard

Answer: D

Explanation: A)
B)
C)
D)
E)

Refer to the scenario below to answer the following questions.

Fun-Spot Fun Park began as a small amusement park in 1985. With nothing more than a merry-go-round, a slide, pony rides, and an ice cream stand, Fun-Spot grew into a popular family attraction with 20 rides, a restaurant, and an outdoor performing arts theater.

"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 that has brought so many visitors," Gail added. "We provide a 'total package' of entertainment. Plus, we try to change our rides and various attractions from time to time for variety"

Ron and Gail Hart admitted that making every visitor happy is a priority. "That has always been our philosophy," they said. "Like it says on the entrance to the park, 'We're here to make you happy!' And we've always been able to deliver on that because we've never allowed ourselves to grow too big too quickly."

96) Which of the following would be classified as an opportunity in a SWOT analysis of Fun-Spot?

96) _____

- A) Fun-Spot employees tend to be enthusiastic and young, projecting an image of fun and vitality at Fun-Spot.
- B) A rival amusement park announces plans to open three new rides next season.
- C) A new luxury hotel is being constructed in the area, with the aim of luring more high-spending families on vacation.
- D) Fun-Spot plans to further diversify its offerings by beginning a two-week summer camp for elementary school students.
- E) Gail and Ron have paid off the mortgage on Fun-Spot, significantly reducing their monthly expenses.

Answer: C

Explanation: A)
B)
C)
D)
E)

97) Acme, Inc. has slightly modified the production processes of its widgets and gadgets in order to tap into the Eastern European market. Acme is likely following a _____ strategy. 97) _____

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

Answer: D

Explanation: A)
B)
C)
D)
E)

98) Your new employer has asked you, as a new marketing graduate, to develop a group of potential customers who might respond in a similar way to a given set of marketing efforts. You have been asked to develop a(n) _____. 98) _____

- A) market segment
- B) undefined niche
- C) market strategy
- D) target market
- E) market

Answer: A

Explanation: A)
B)
C)
D)
E)

99) Which of the following is the process of dividing a market into distinct groups of buyers with different needs, characteristics, or behaviors? 99) _____

- A) market segmentation
- B) differentiation
- C) marketing strategy
- D) market targeting
- E) positioning

Answer: A

Explanation: A)
B)
C)
D)
E)

- 100) The pharmaceuticals division of Omni Healthcare holds low market share in a high-growth market. In order to increase market share, managers would be most likely to decide which of the following? 100) _____
- A) implement a harvest strategy
 - B) diversify the pharmaceutical division
 - C) use money from a cash cow to promote the pharmaceuticals division
 - D) hold the pharmaceuticals division's share
 - E) divest the SBU

Answer: C

Explanation: A)
B)
C)
D)
E)

SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

- 101) 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? 101) _____

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

Explanation:

- 102) Why should a mission statement be market oriented instead of product or technology oriented? 102) _____

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.

Explanation:

- 103) How might the BCG matrix represent a life cycle? 103) _____

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.

Explanation:

- 104) What is a strategic business unit (SBU) and how is it involved in a business portfolio analysis? 104) _____

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

Explanation:

- 105) Into what quadrant of the product/market expansion grid would a "new and improved" product fall? 105) _____

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

Explanation:

- 106) Explain how a marketer of baking soda may attempt to attract more than one market segment. 106) _____
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.
Explanation:
- 107) Why are many marketers today using customer-centered measures of marketing ROI? 107) _____
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.
Explanation:
- 108) How might a marketer of pens alter the "product" portion of the marketing mix when targeting female college students versus male college students? 108) _____
Answer: The marketer may use feminine colors and a spiral-flower stripe, for example, when marketing its pens to the females; when targeting males, more neutral colors might be used.
Explanation:
- 109) What type of strategy should a company use to manage its cash cows? 109) _____
Answer: Because a cash cow generates cash without much investment, a company should use the profits to support other SBUs.
Explanation:
- 110) How might Party Planning Paradise, a company that sells a wide range of party supplies for all occasions, implement a market development strategy? 110) _____
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.
Explanation:
- 111) Why is marketing analysis such an important part of marketing management? 111) _____
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.
Explanation:
- 112) Why should a mission statement be "motivating" instead of stated in terms of sales or profits? 112) _____
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.
Explanation:
- 113) What role does the marketing mix play in positioning? 113) _____
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' products and to achieve strong positioning in a target market.
Explanation:

114) How are partner relationship management and the value chain related? 114) _____
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.

Explanation:

115) Into what BCG quadrant does a high-share, high-growth SBU fall? 115) _____
Answer: It falls into the "star" category.

Explanation:

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

116) One valid criticism of the four Ps concept is that services are not considered. 116) _____
Answer: True False

Explanation:

117) Mission statements should both emphasize the company's strengths in the marketplace and be motivating. 117) _____

Answer: True False

Explanation:

118) At Trader Joe's, "our mission is to bring all our customers the best food and beverage values to be found anywhere, and the information to make informed buying decisions." This is a product-oriented business definition. 118) _____

Answer: True False

Explanation:

119) Four marketing management functions are analysis, planning, implementation, and control. 119) _____

Answer: True False

Explanation:

120) "At Joe's Diner, we serve great burgers" is a product-oriented business definition. 120) _____

Answer: True False

Explanation:

121) Mandros International Foods evaluates each market segment's attractiveness and selects one or more segments to enter when considering adding new lines of imported foods. Mandros is engaged in positioned marketing. 121) _____

Answer: True False

Explanation:

122) The image of a product in the minds of consumers is called market segmentation. 122) _____

Answer: True False

Explanation:

123) The purpose of strategic planning is to find ways in which your company can best use its strengths to take advantage of attractive opportunities in the environment. 123) _____

Answer: True False

Explanation:

- 124) ABC Fortunes has just developed a formal statement of its purpose. This firm has put together a mission statement. 124) _____
Answer: True False
Explanation:
- 125) The growth strategy of diversification involves offering modified or new products to current markets. 125) _____
Answer: True False
Explanation:
- 126) The major activity in strategic planning is strategic business unit planning, whereby management evaluates the products and businesses making up the company. 126) _____
Answer: True False
Explanation:
- 127) When designing business portfolios, most companies are well advised to add a broad range of products and businesses to their organization. 127) _____
Answer: True False
Explanation:
- 128) To improve its value delivery network, a company needs to examine the value chains of its suppliers and distributors. 128) _____
Answer: True False
Explanation:
- 129) A firm's mission statement should be the basis for both its business and marketing objectives. 129) _____
Answer: True False
Explanation:
- 130) When a firm finds products or businesses that no longer fit its overall strategy, it should carefully milk, harvest, or better develop them. 130) _____
Answer: True False
Explanation:
- 131) 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. 131) _____
Answer: True False
Explanation:
- 132) When a company positions its product, it should first identify possible customer value differences within a market segment that could be the basis of a competitive advantage for the product. 132) _____
Answer: True False
Explanation:
- 133) When an organization identifies and develops new markets for its current products and services, it is engaged in market development. 133) _____
Answer: True False
Explanation:

- 134) In the BCG matrix, "dogs" are low-growth businesses and products that do not generate enough cash to maintain themselves. 134) _____
 Answer: True False
 Explanation:
- 135) The four Cs concept takes the buyer's view of the market. 135) _____
 Answer: True False
 Explanation:
- 136) Mission statements should be realistic and general in nature. 136) _____
 Answer: True False
 Explanation:
- 137) The marketing mix consists of product, price, place, positioning, and promotion. 137) _____
 Answer: True False
 Explanation:
- 138) Guided by marketing strategy, the company designs a marketing mix made up of factors under its control: product, price, place, and promotion. 138) _____
 Answer: True False
 Explanation:
- 139) In today's marketplace, competition increasingly takes place between entire value delivery networks rather than between individual competitors. 139) _____
 Answer: True False
 Explanation:
- 140) A market segment consists of consumers who respond in different ways to a given set of marketing efforts. 140) _____
 Answer: True False
 Explanation:

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

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

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

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.

143) Define marketing planning. Briefly outline the major components in a marketing plan.

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 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 take corrective action.

144) 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?

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.

145) What does the term *value delivery network* mean? Explain.

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.

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

Answer: A business portfolio is the collection of businesses and products that make up a 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.

147) Define marketing strategy. Discuss the steps in formulating marketing strategy.

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.

148) Describe some of the problems with matrix approaches.

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.

149) Define strategic planning. Discuss the steps involved.

Answer: The process of developing and maintaining a strategic fit between the organization's goals and capabilities and its 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.

150) Marketing departments are organized in several ways. Compare the most common forms of marketing organizations.

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 each different marketing activity. Under a geographic organization, sales and marketing people are assigned to specific countries, regions, and districts. Under the product management 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.

Answer Key
Testname: C2

- 1) B
- 2) E
- 3) C
- 4) C
- 5) A
- 6) B
- 7) D
- 8) D
- 9) D
- 10) D
- 11) B
- 12) C
- 13) C
- 14) E
- 15) E
- 16) A
- 17) B
- 18) A
- 19) C
- 20) E
- 21) D
- 22) C
- 23) A
- 24) C
- 25) A
- 26) E
- 27) D
- 28) B
- 29) D
- 30) B
- 31) C
- 32) A
- 33) A
- 34) A
- 35) A
- 36) B
- 37) E
- 38) A
- 39) B
- 40) C
- 41) A
- 42) A
- 43) C
- 44) C
- 45) A
- 46) A
- 47) C
- 48) E
- 49) C
- 50) E

Answer Key
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- 51) C
- 52) A
- 53) C
- 54) E
- 55) A
- 56) D
- 57) E
- 58) E
- 59) C
- 60) D
- 61) D
- 62) E
- 63) C
- 64) D
- 65) C
- 66) B
- 67) C
- 68) D
- 69) A
- 70) E
- 71) B
- 72) D
- 73) C
- 74) C
- 75) E
- 76) E
- 77) C
- 78) E
- 79) D
- 80) C
- 81) B
- 82) C
- 83) E
- 84) C
- 85) E
- 86) B
- 87) E
- 88) E
- 89) E
- 90) A
- 91) A
- 92) E
- 93) D
- 94) A
- 95) D
- 96) C
- 97) D
- 98) A
- 99) A
- 100) C

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- 101) In this scenario, the restaurant would be following a product development strategy.
- 102) 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.
- 103) 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.
- 104) An SBU is a key part of a company—whether a product, product line, department, or an entire division. Identifying and analyzing a company's SBUs are the first two steps in business portfolio analysis.
- 105) The "new and improved" product would fall into the product development quadrant.
- 106) 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.
- 107) 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.
- 108) The marketer may use feminine colors and a spiral-flower stripe, for example, when marketing its pens to the females; when targeting males, more neutral colors might be used.
- 109) Because a cash cow generates cash without much investment, a company should use the profits to support other SBUs.
- 110) 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.
- 111) 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.
- 112) 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.
- 113) The marketing mix components of product, price, place, and promotion are the tools that a company can use to differentiate its products from competitors' products and to achieve strong positioning in a target market.
- 114) 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.
- 115) It falls into the "star" category.
- 116) FALSE
- 117) TRUE
- 118) FALSE
- 119) TRUE
- 120) TRUE
- 121) FALSE
- 122) FALSE
- 123) TRUE
- 124) TRUE
- 125) FALSE
- 126) FALSE
- 127) FALSE
- 128) TRUE
- 129) FALSE
- 130) FALSE
- 131) FALSE
- 132) TRUE
- 133) TRUE
- 134) FALSE
- 135) TRUE
- 136) FALSE
- 137) FALSE

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- 138) TRUE
- 139) TRUE
- 140) FALSE
- 141) 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.
- 142) 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.
- 143) 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 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 take corrective action.
- 144) 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.
- 145) 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.
- 146) A business portfolio is the collection of businesses and products that make up a 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.

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- 147) 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.
- 148) 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.
- 149) The process of developing and maintaining a strategic fit between the organization's goals and capabilities and its 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.
- 150) 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 each different marketing activity. Under a geographic organization, sales and marketing people are assigned to specific countries, regions, and districts. Under the product management 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.